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## **Evaluation of the Ticket to Work Program**

### ***Initial Evaluation Report***

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## ACRONYMS

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ABIL	Arizona Bridge to Independent Living (one of the case study ENs)
AIDS	Acquired immunodeficiency syndrome
AWICs	Area Work Incentive Coordinators
AOI	Adequacy of Incentives
BPAO	Benefits Planning, Assistance, and Outreach
CDR	Continuing Disability Review
CDRCF	Continuing Disability Review Control File
DCF	Disability Control File
DoL	U. S. Department of Labor
DI	Social Security Disability Insurance (Title II of the Social Security Act)
CCSA	Career Consulting Services of America (one of the case study ENs)
CMS	Centers for Medicare & Medicaid Services
DRS	Oklahoma Department of Rehabilitation Services (one of the case study ENs)
EARN	Employer Assistance Referral Network
EES	Employment and Employer Services (one of the case study ENs)
EN	Employment Network (we use this term to refer to providers who are paid under one of the two new TTW payment systems)
HIV	Human immunodeficiency virus
IDR	Integrated Disability Resources (one of the case study ENs)
IPE	Individual Plan for Employment
IWP	Individual Work Plan
MIE	Medical Improvement Expected
MPR	Mathematica Policy Research

MRTW	Modernized Return to Work software
NASI	National Academy of Social Insurance
NPRM	Notice of Proposed Rule Making
OESP	SSA Office of Employment Support Programs
OIM	SSA's Office of Information Management
PABSS	Protection and Advocacy for Beneficiaries of Social Security
P&A	Protection and Advocacy
PC-CDR	Personal Computer Continuing Disability Review software
RSA	Rehabilitation Services Administration
SGA	Substantial Gainful Activity (in 2004 SSA defined this as earnings of \$810 per month)
SPI	State Partnership Initiative
SSA	Social Security Administration
SSI	Supplemental Security Income (Title XVI of the Social Security Act)
SSN	Social Security Number
SVRA	State Vocational Rehabilitation Agency
TTW	Ticket to Work
TWP	Trial Work Period
WIA	Workforce Improvement Act
WIAP	Ticket to Work and Work Incentives Advisory Panel

## EXECUTIVE SUMMARY

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The Ticket to Work and Work Incentives Improvement Act of 1999 (Ticket Act) established the Ticket to Work and Self Sufficiency program (TTW) to increase access to, and the quality of, rehabilitation and employment services available to Social Security disability beneficiaries and ultimately to increase the number of such beneficiaries who become economically self-sufficient. Very few beneficiaries now leave the rolls as a result of having found work, and TTW tries to help more beneficiaries do this by changing the way the Social Security Administration (SSA) pays for employment services. The Ticket Act also creates some new rules that let beneficiaries explore work opportunities without jeopardizing their benefit status.

Somewhat paradoxically, the goal of the TTW program is to promote work among a group of individuals judged to be incapable of working in any substantial way. People who receive disability benefits from either SSA's Disability Insurance (DI) or Supplemental Security Income (SSI) programs have been judged to have a medically determinable impairment that is expected to last at least 12 months or result in death, and that renders them unable to engage in substantial gainful activity. The majority of these beneficiaries do not attempt to engage in any work once they are on the rolls. Only about 2.5 percent of any enrollment cohort will ultimately leave the rolls because of having found work, and less than 0.5 percent of all beneficiaries on the rolls at a point in time eventually leave because of work.

It has proven difficult to raise the low employment rates among disability beneficiaries. Nevertheless, many people with medical conditions that would make them eligible for disability benefits do in fact work, and advances in technology and rehabilitation techniques make it feasible for many people with very severe disabilities to obtain and hold jobs. This has generated a continuing interest in promoting employment among DI and SSI beneficiaries, which in turn has led to a consensus that no person with a disability should be denied the right to participate fully in society, including work, because of external barriers that can be removed with a reasonable effort.

The TTW program and other elements of the Ticket Act provide new means to help beneficiaries become employed and financially self-sufficient. In particular, it introduces a new financing system for providers and gives beneficiaries a choice in which provider to use. The new financing system adds two payment options to the traditional system that SSA has used to pay state vocational rehabilitation agencies (SVRAs) for rehabilitation services provided to beneficiaries. The traditional system reimburses an agency's costs, up to a limit,

if a beneficiary obtains earnings of at least the substantial gainful activity level (currently set at \$810 per month for most beneficiaries) for nine months. Both of the new payment options give providers a substantially stronger performance incentive because they require a beneficiary to exit cash benefit status by reason of increased earnings for 60 months before the provider receives full payment. Of the two new systems, the first option, the “outcome payment” system, provides higher payments but only when a beneficiary leaves the rolls due to work or earnings. The other new option, the “milestone-outcome” system, provides smaller outcome payments, but can also provide up to four larger milestone payments while a beneficiary is still receiving benefits, if the beneficiary achieves specified earnings targets.

TTW increases the choices given to beneficiaries who voluntarily decide to pursue employment. It does so by greatly expanding the types of organizations that SSA will pay to assist beneficiaries’ work efforts. In addition to SVRA’s these organizations include a range of public and private providers, called employment networks (ENs), that have signed a contract with SSA. In addition, TTW gives service providers and beneficiaries considerable flexibility in choosing the services that will be provided. In fact, providers and beneficiaries must agree on an individualized work plan before a Ticket can be put into use. This plan could, in theory, include a wide array of services designed to help beneficiaries overcome barriers related to their knowledge of the service system and the labor market, their need for new or enhanced job skills, and even employer misperceptions of their abilities.

Service delivery in TTW is constrained, however, by providers’ desire to limit service expenditures to a level that fits within the payments they expect to receive and by their assessment of whether the services they can provide are likely to result in a beneficiary leaving the rolls. In fact, providers can refuse to serve beneficiaries whom they think have a low probability of leaving the rolls due to work (and therefore *not* triggering outcome payments). Beneficiaries who only want to work at an earnings level that would enable them to retain part or all of their benefits will generally not be attractive clients to providers.

TTW is being implemented in three phases. In Phase 1, which began in February 2002, the program was rolled out in 13 states across the country. Phase 2 began in November 2002 and extended the program to an additional 20 states plus the District of Columbia. Phase 3, which began in November 2003, will see TTW implemented in the remaining 17 states and U.S. territories.

## **MAJOR FINDINGS**

This is the first major report from SSA’s TTW evaluation. Drawing on information collected during just the first five months of the study, it examines early implementation issues and sets the stage for the more comprehensive reports to follow. In particular, this report is based on the preliminary process analysis (Livermore et al. 2003) and our interviews with staff at SSA, the TTW Program Manager, and several ENs and SVRAs. We also present findings on enrollment and participation patterns from our early analysis of TTW administrative data.

Overall, we found that SSA has implemented all aspects of the TTW program. As of August 2003, Tickets have been mailed to more than 5 million beneficiaries, and more than 25,000 have assigned a Ticket to a provider. Furthermore, SSA has begun making payments to providers as some of the early participants meet milestones or leave the rolls. However, enrollment remains very low and is concentrated in SVRAs using the traditional payment system. In addition, several important operational issues should be addressed. In the Phase 1 states, where the rollout was completed in October 2002, only 0.74 percent of eligible beneficiaries were using their Tickets as of August 2003; participation in Phase 2 states appears to be on the same slow track. On the provider side, our interviews with eight experienced ENs found that they were all losing money on their TTW operations. Many expressed doubts about their continued participation, and some have already cut back their TTW operations. SSA has moved to assist providers by simplifying the payment process. This and other administrative actions could increase participation of providers and beneficiaries, and a strengthening of the economy is also likely to help. Nevertheless, if the attitudes of the eight experienced ENs interviewed for this report are indicative of most ENs, then SSA will have to move quickly to address operational and payment design issues in order to sustain the roll-out momentum and providers' efforts to increase beneficiary employment.

Some of the key findings supporting these observations are as follows.

**Beneficiary Participation Is Low.** By August 2003, SSA had mailed out more than 5 million Tickets to eligible beneficiaries, and although participation rates continue to rise, less than 1 percent of recipients were using their Tickets. The participation rate varies by state and by beneficiary characteristics. In the Phase 1 states, the overall participation rate was 0.74 percent, compared with 0.27 in the Phase 2 states, reflecting a difference in the duration of Ticket availability. Among the Phase 1 states, participation rates ranged from 0.3 to 1.9 percent, reflecting differences in economic and service environments, including the aggressiveness of providers, especially SVRAs, in seeking out beneficiaries to serve or in encouraging ENs to do so. Beneficiary participation rates also decline steadily with age; in Phase 1 states, 2.0 percent of those age 18 to 24 were participating, compared with just 0.3 percent of those age 50 and over.

**Most Ticket Assignments Have Been to SVRAs.** As of August 2003, the vast majority of assigned Tickets nationwide (91 percent in Phase 1 states, 81 percent in Phase 2 states) were assigned to SVRAs. Thus, a relatively small fraction of disability beneficiaries are being served by new providers. Most Tickets also were assigned under the traditional payment system—87 percent in Phase 1 states and 75 percent in Phase 2 states. All SVRAs had to select one of the two new payment systems as an option, and although most are experimenting with the new systems, extensive use is the exception

**EN Recruitment and Retention Is Difficult.** EN recruitment has been a significant challenge. When last interviewed, the Program Manager reported aggressively marketing the program to over 50,000 organizations through thousands of informational mailings, over 90 EN recruitment conferences, over 200 informational presentations, and hundreds of telephone contacts. Just over 1,000 providers have signed up as ENs (including some from

the Phase 3 states). Recruitment has not become easier over time; in fact, having viewed ENs' early experiences with TTW, some organizations have apparently become even more reluctant to join the program. Like recruitment, EN retention also has become a challenge. More than 38 organizations have terminated their status as ENs, including one of the largest, most experienced ENs. It appears that many others have informally dropped out—by not accepting Tickets or by unassigning previously accepted Tickets.

The type of agencies serving as ENs varies widely. Many are “traditional” providers with extensive experience delivering employment services to SSA beneficiaries. The TTW program affords these agencies an opportunity to continue or expand existing services through a new source of funds. For other ENs, however, the TTW program represents their first effort to provide employment services to SSA beneficiaries or individuals with disabilities. To the extent that these ENs are successful, they will enhance beneficiary choice among providers and create a new set of service providers for SSA.

**Provider Service Models Vary Widely.** ENs have taken a wide range of approaches to serving Ticket holders, demonstrating that the program does have the potential to foster an increasing variety of work-related services for disability beneficiaries. A few of the ENs act primarily as placement agencies, helping clients build job-search skills and directing them to potential employers. One Internet EN provides no training or job placement services whatsoever but attracts clients with a financial incentive; it promises to give them 75 percent of any Ticket payments it receives on their behalf. Another EN focuses on post-employment support through counseling and case management.

**EN Ticket Assignments Are Concentrated Among a Few Providers.** Ticket assignments among ENs have been highly concentrated, with a few ENs serving many beneficiaries and most ENs serving few or none. For example, as of late July 2003, among the 131 ENs that had accepted Tickets and were operating in Phase 1 states, one EN had over 300 assignments, and 6 had between 50 and 150, whereas 29 ENs had 10 or fewer Tickets.

**Ticket Payments Have Begun.** As of the end of August 2003, about 1,400 payment requests had been submitted by providers. Just over half (55 percent) had been paid, 14 percent were under review by the Program Manager, another 14 percent had been cleared by the Program Manager and were under review by SSA, and the remaining 17 percent had been returned to the providers because they failed to meet the standards for payment. As of mid-August 2003, only 67 ENs had received any payments; in total, they had received 630 payments on behalf of 211 Ticket holders. Reflecting the concentration of Ticket assignments mentioned above, most of these ENs had received relatively little money on behalf of just a few participants, while a handful of the ENs had collected substantially more. Twenty-seven ENs had received less than \$1,000, 30 had received \$1,000 to \$5,000, while four ENs had received more than \$10,000, including one with more than \$30,000 in Ticket payment revenues. Among SVRAs, only three had received any milestone or outcome payments, and 93 percent of the total \$29,000 in payments to SVRAs went to a single SVRA.

**EN Financial Viability Is Still Uncertain.** Twelve to 16 months after starting in the program, all eight of the experienced Phase 1 ENs we interviewed said they were losing

money on their TTW operations. For most of them, the program was not looking financially viable. One of the ENs was planning to withdraw from the program, and another had nearly withdrawn but was persuaded by the Program Manager to continue operating in just one state after having started on a nationwide scale. Some of these ENs found that their clients were not earning enough to generate a consistent payment stream. The ENs also complained about the difficulty of obtaining adequate earnings documentation to support payment requests and about delays in receiving payments. SSA has recently simplified the documentation required to receive outcome payments, but the eight ENs we interviewed felt that still more changes would be needed.

**Providers Complain About TTW Marketing.** Besides financial problems, one of the more common concerns voiced by representatives from the experienced ENs has to do with marketing. They feel strongly that SSA and the Program Manager need to do a better job of both explaining TTW to beneficiaries and reaching out to encourage participation. They reported being burdened by inappropriate referrals and the continuing need to explain basic program features to large numbers of beneficiaries. Similar concerns were expressed in an EN Summit Conference held in 2003. SSA has recently issued a contract to develop a strategic marketing plan aimed at both improving beneficiary understanding of the program and promoting Ticket assignments. The effects of this effort, however, will not appear until 2004 or later, and will be examined in future evaluation reports.

**TTW Success Is Mixed for Beneficiaries in the Four Adequacy of Incentives (AOI) Groups.** The evaluation pays special attention to the extent that TTW is reaching beneficiaries in the four congressionally defined groups that were expected to find it difficult to obtain services under TTW—those who (1) need ongoing support and services, (2) need high-cost accommodations, (3) earn a subminimum wage, or (4) work and receive partial cash benefits. The financial problems noted at the eight experienced ENs suggest that provider incentives are weak overall and so are likely to provide little motivation for ENs to serve beneficiaries in general, let alone those beneficiary groups identified by Congress. This possibility has been confirmed by our conversations with providers, through which we found that while SVRAs have typically agreed to serve any interested beneficiary determined eligible for services, ENs have commonly screened out those they perceive as requiring substantial or long-term services because they are seen as unlikely to yield payments sufficient to offset service costs.

A slightly different picture comes from our preliminary analysis of administrative data, which we used to develop a rough approximation of the first two AOI groups (those requiring ongoing support or high-cost accommodations) based only on information about beneficiaries' primary impairments. These approximations, which were developed in the evaluation's design report (Stapleton and Livermore 2002), suggest that beneficiaries in these two AOI groups constitute a substantial majority of eligible beneficiaries. Furthermore, we found that beneficiaries in these two groups have higher participation rates than all other beneficiaries and that they account for 71 percent of all Ticket users. These results primarily illustrate the fact that even among beneficiaries who appear to require substantial services in order to sustain employment, many have been able to find a provider (typically a SVRA) that will accept their Ticket. It appears that ENs commonly refer candidates that they perceive

will require extensive services to SVRAs, where they are more likely to be served under the traditional reimbursement mechanism. Further, some non-SVRA ENs are actually focusing on serving beneficiaries in AOI groups by using Ticket revenues as a supplement to their traditional funding resources.

We will continue to examine this issue, focusing on developing more refined definitions of the groups and on the characteristics of beneficiaries who have the lowest participation rates.

**The Consequences of SVRA Dominance in TTW Are Still Emerging.** So far, SVRAs account for the great majority of Ticket assignments. This reflects their large scale and long-standing participation in SSA's traditional program for assisting beneficiaries to become employed. It also reflects their advantages in the TTW program—particularly their ability to finance their services with funds from Title 1 of the Rehabilitation Act and the fact that they can choose to use either the traditional payment system or their new EN payment system.

The consequences of this dominance are still emerging, but several concerns have already arisen. First, both SVRAs and ENs have expressed concern regarding SSA's guidance to SVRAs allowing them to accept assignment of a Ticket when a beneficiary has signed an agency's Individual Plan for Employment, but not the SSA Form 1365 typically required to assign a Ticket. As a result of this policy, a SVRA could accept a beneficiary's Ticket even though the beneficiary did not fully understand his/her full options. Some SVRAs have indicated that this policy seems to conflict with the consumer choice provisions of the Rehabilitation Act. Also, many non-SVRA ENs feel that the policy gives SVRAs an unfair advantage, severely restricting ENs' ability to recruit and serve beneficiaries.

Second, the nature of SVRA participation varies widely, thus contributing to the variation in participation rates across states. Such variation means that beneficiaries in some states will have different opportunities than those in other states.

Finally, SVRA dominance may reduce beneficiaries' choice of providers and thus work against one of the key goals of the program. Choice could be expanded if the SVRAs helped to develop the EN market. Most, but not all, SVRAs have developed standardized agreements with ENs in their state that would enable beneficiaries to be served jointly by ENs and SVRAs. In the absence of such an agreement, most SVRAs are refusing to accept clients who have already assigned their Ticket to an EN on the grounds that this would violate the "comparable benefits" provision of the Rehabilitation Act. But many of the agreements have financial terms that favor the SVRA over the ENs, often requiring that the EN assume a very large share of the risk even though the SVRA can use funds allocated under the Rehabilitation Act (Title 1) to minimize its own risk. Some ENs interviewed indicated that the terms of the SVRA/EN agreement actually make it less likely that the EN would refer a beneficiary to the SVRA for services. Such terms seem particularly likely to discourage entities that provide services to SVRAs from becoming ENs.

## CONCLUDING OBSERVATIONS

SSA faced a daunting challenge in designing and implementing this large new program literally from scratch—especially considering that no dedicated funds were appropriated for the task. While the original concept of the program sounded simple, many complexities arose as SSA worked out all the details of how TTW would relate to the many rules and systems associated with the SSI and DI programs. Further, SSA had to address the interests of a wide variety of stakeholders in developing all the rules, regulations, procedures, and systems needed to make TTW operational.

At present, however, most of the important evaluation questions cannot be answered; the program has just begun to roll out in the remaining Phase 3 states, and the evaluation has just begun. Still, even at this early point, some emerging issues merit careful consideration and monitoring as time goes on, as they have the potential for seriously undermining the program's success.

Ticket participation rates remain low, although they are increasing. Even though the program was never envisioned as a way to move a large percentage of disability beneficiaries into self-sufficiency, Ticket use is lower than many had hoped for at this stage. Several factors may be contributing to this finding. First, despite efforts by SSA, the Program Manager, and individual ENs to explain TTW to beneficiaries, many people appear not to understand the basics of how the program operates, what it means for their benefits, and the opportunities it offers. Second, beneficiaries who are not ready to move quickly into full-time employment may have a hard time finding an EN that will accept their Ticket. Discussions with ENs suggest that many are focusing on beneficiaries whom they expect can quickly obtain sufficient earnings to move off the disability rolls and therefore generate outcome payments to the EN. This seems particularly true for those ENs that rely solely on TTW payments.

A related, but separate, issue of concern is that some beneficiaries may have difficulty finding an EN that is accepting any Tickets at all. Fewer ENs than hoped for have joined the program, and relatively few of them have accepted Tickets. The vast majority of Tickets are assigned to SVRAs, raising questions about whether TTW is succeeding in increasing the diversity of providers and services available to beneficiaries. New ENs appear to be taking a very tentative, wait-and-see approach to the program, hanging back until the early operational difficulties are worked out. They may also see the program—especially under the current payment systems—as posing too great a financial risk. This perception is certainly understandable, given the financial problems that the most active, experienced ENs have already encountered.

Yet another issue of concern is that few of the Tickets assigned have resulted in payments to ENs. It seems likely that the economy is a contributing factor insofar as the economic downturn has reduced the number of job openings and increased competition for the vacancies that do exist. The experienced ENs we interviewed said that it had been difficult to find jobs for their clients. Other factors, though, are also in play. In some cases, ENs have found that beneficiaries do not stick with the service plan or try to find suitable employment. In other cases, beneficiaries have not remained in jobs long enough to

generate much of a payment stream for the EN. DI program rules allow beneficiaries to remain on the rolls during a 9-month trail work period, regardless of the level of earnings, which delays the start of an outcome payment stream. SSI recipients can prolong the receipt of benefits indefinitely if their earnings are sufficiently low.

The potential implications of the problem of low EN revenues are clear and seem to pose the most serious threat to program success. If ENs cannot cover their costs, they will not be able to operate. Without them, some beneficiaries may find it virtually impossible to use their Tickets, and the TTW program may become little more than a minor revision to the traditional SVRA payment system.

SSA has recognized the issues discussed above and is trying, within the limits of its discretion, to address them. Most important, SSA has taken steps to simplify the process for documenting beneficiary earnings required to trigger milestone and monthly outcome payments. More rapid payments that require simpler documentation should increase ENs' net revenues and reduce their costs. SSA is also trying to help ENs find additional revenue sources for financing their start-up expenses, which must be paid before they can realize substantial revenue streams from monthly outcome payments. SSA has also started to develop a national marketing campaign intended to improve beneficiary awareness and understanding of the TTW program and related return-to-work initiatives. It will take some time before the effectiveness of these changes and efforts can be assessed.

SSA is already considering more fundamental changes to the TTW program. The most obvious change is to increase the payment amounts. Another possible change is to restructure the payment system so that ENs are paid sooner in the process—that is, they would get a higher proportion of their payments closer to when the beneficiary goes off the rolls (potentially even before that point) rather than receiving payments spread evenly over 60 months after a beneficiary leaves the rolls. There are also suggestions that SSA, perhaps in collaboration with Rehabilitation Services Administration, take steps to encourage SVRAs to use the new payment systems and/or make a positive contribution to the development of the EN market in the SVRA's state. Toward this end, changes could involve the traditional payment system as well as regulations and incentives that would encourage more balanced SVRA-EN agreements. As the TTW program proceeds, SSA may even wish to modify the work incentive rules governing when SSI and DI beneficiaries lose their cash benefits to make the rules more consistent with the concepts underlying TTW and with each other.

In any event, changes should be made quickly in order to preserve the TTW program's current momentum. Participation rates were still rising through August 2003, the last month for which we have data, but ENs are continuing to drop out of the program. As a result, beneficiaries may face reduced choices and program enrollments may stagnate. The loss of momentum is not the end of TTW, but may make it harder to SSA to provide the choices and opportunities that TTW promises to beneficiaries.

# CHAPTER I

## OVERVIEW OF THE TICKET TO WORK PROGRAM AND ITS EVALUATION

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The Ticket to Work and Work Incentives Improvement Act of 1999 (Ticket Act) established the Ticket to Work program (TTW) to increase access to, and the quality of, rehabilitation and employment services available to Social Security disability beneficiaries, and ultimately to increase the number who become economically self-sufficient. Currently, very few beneficiaries leave the rolls due to work. TTW tries to help more beneficiaries exit due to work by changing the way the Social Security Administration (SSA) pays for employment services. It also changes some program rules in order to let beneficiaries explore work opportunities without jeopardizing their benefit status.

The TTW program operates with the apparent paradox of trying to promote work among a group of individuals judged incapable of substantial work. People who receive disability benefits from either SSA's Disability Insurance (DI) or Supplemental Security Income (SSI) programs have been judged to have a medically determinable impairment that is expected to last at least 12 months or result in death and that renders them unable to engage in substantial gainful activity. The vast majority of beneficiaries will not attempt any work once they are on the rolls. Only about 2.5 percent of any enrollment cohort will ultimately leave the rolls due to work and less than 0.5 percent of all beneficiaries on the rolls at a point in time eventually leave due to work (Newcomb et al. 2003; Berkowitz 2003).

The low employment rates among disability beneficiaries have proven difficult to increase substantially. There is no evidence that the many work incentives that SSA has instituted prior to TTW have increased work-related program exits (Newcomb et al. 2003). Furthermore, two prior SSA demonstrations to test employment support programs, Project Network and the Transitional Employment Training Demonstration, had low participation rates: about 6 percent of eligibles participated (Kornfeld et al. 1999; and Decker and Thornton 1995). In addition, while both demonstrations' interventions generated a large proportional increase in participant earnings, those increases were small in absolute terms. These small absolute increases translated into negligible reductions in benefit payment as most working participants had earnings below the thresholds that would result in losing their benefits.

Nevertheless, it is well-known that many people with medical conditions that would make them eligible for disability benefits do in fact work, and advances in technology and rehabilitation techniques make it feasible for many people with very severe disabilities to

obtain and hold jobs (for example, Bond et al. 1997). This has generated a continuing interest in promoting employment among SSA's disability beneficiaries, which in turn has led to a consensus that no person with a disability should be denied the right to participate fully in society, including work, because of external barriers that can be removed with reasonable efforts. The main issues for SSA are therefore: what are the best methods for addressing barriers? How many beneficiaries will seek to take advantage of new opportunities? Will the programs enable many beneficiaries to earn enough to leave the rolls? And what will be the net cost or savings to the government?

There are essentially four major types of barriers that disability beneficiaries face when they want to obtain substantial employment:

- ***Benefit Policies That Reduce Gains from Employment.*** Cash benefit programs, including DI and SSI, generally contain provisions to reduce or stop benefits as a beneficiary's earnings increase. This can create a substantial disincentive for beneficiaries to work since a beneficiary's total income (benefits plus earnings) may rise slowly, or in some cases even fall, as earnings increase. Also, while health insurance benefits through Medicare and Medicaid are available even to beneficiaries who are no longer receiving cash benefits, many beneficiaries may nevertheless be concerned about losing those benefits if they attempt to work.
- ***Limited Beneficiary Knowledge of the Service System.*** Both the DI and SSI programs contain provisions designed to encourage work among beneficiaries. However, many beneficiaries are unfamiliar with these provisions and have an incomplete picture of how working will actually affect their benefits. Beneficiaries may also be concerned that the provisions, which are often fairly complex, may not be implemented fully or accurately. In either of these cases, beneficiaries are likely to under use the provisions and be less inclined to work.
- ***Inadequate Employment-Related Skills or Workplace Accommodations.*** Beneficiaries may lack the full set of skills and attitudes required for successful employment, including knowledge of the labor market and how to search for a job as well as more fundamental job skills or basic education. Beneficiaries may also require accommodations to help them overcome impairments that might prevent them from being productively employed. Furthermore, some beneficiaries may have become discouraged about work and withdrawn completely from the labor force. While beneficiaries could, in theory, purchase training and job placement services, they often lack sufficient financial resources or access to loans to purchase the training or services that would enable them to obtain substantial employment.
- ***Employers' Misimpressions.*** Persons with disabilities may also face barriers created by employers' misimpressions of their abilities or, in some cases, discrimination. Thus, even when they want to work, they can have a difficult time getting a job offer.

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The TTW program and other elements of the Ticket Act try to provide the means to help beneficiaries overcome these barriers. In particular, the TTW program introduces a new financing system for providers and gives beneficiaries a choice over which provider to use. The new financing system adds two payment options to the traditional payment system that SSA has used in the past to pay state vocational rehabilitation agencies (SVRAs) for rehabilitation services provided to beneficiaries. The traditional system reimburses an agency's costs, up to a limit, if a beneficiary obtains earnings of at least the substantial gainful activity level (currently set at \$810 per month for most individuals) for nine months. The new options have substantially stronger performance incentives because they require a beneficiary to exit cash benefit status by reason of increased earnings for 60 months before the provider receives full payment. The first new option, the outcome-only payment system, provides higher payments but makes no payments until a beneficiary leaves the rolls. The other new option, the milestone-outcome system, provides smaller outcome payments, but can provide up to four larger milestone payments while a beneficiary is still receiving benefits, if a beneficiary achieves intermediate earnings targets.

TTW increases choice by greatly expanding the types of organizations that it will pay to assist beneficiaries' work efforts. Beneficiaries can choose between a range of public and private providers other than SVRAs, called Employment Networks (ENs), that have signed a contract with SSA. ENs cannot use the traditional payment system, they must elect to be paid under either the outcome-only or milestone-outcomes payment systems. SVRAs can act as ENs by using the new payment systems, but they can also decide to serve beneficiaries under the traditional system.

In addition, TTW gives service providers and beneficiaries considerable flexibility to choose the services that will be provided. In fact, providers and beneficiaries must agree on an individualized employment plan before a ticket can be put into use. This plan could, in theory, include a wide array of services designed to help beneficiaries overcome barriers related to their knowledge of the system and labor market, their employment-related skills, and even employer misperceptions of their abilities.

Service delivery is constrained, however, by providers' desire to limit service expenditures to a level that fits within the payments they expect to receive and by providers' assessments of whether the services they can provide are likely to result in a beneficiary leaving the rolls. Participation in TTW is completely voluntary for beneficiaries and providers, so providers can refuse to serve beneficiaries whom they think have a low probability of leaving the rolls due to work (thereby triggering outcome payments).

The TTW legislation also introduces other changes that try to reduce the policy barriers that can make work unattractive to some beneficiaries. In particular, the Ticket Act contained the following provisions:<sup>1</sup>

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<sup>1</sup> Other than the suspension of medical disability reviews, these provisions are available to beneficiaries regardless of whether they are using a Ticket.

- ***Expedited reinstatement*** that allows beneficiaries who have left the rolls because of work to have their benefits (and any associated health insurance) reinstated without a new application. This option is available for five years following termination of a beneficiary's eligibility for disability status due to work.
- ***Suspension of medical disability reviews*** used to assess whether a beneficiary's impairments are still present and still sufficient to preclude substantial gainful activity. This suspension lasts as long as a beneficiary is actively using a Ticket by pursuing the goals established in his/her individualized work plan.
- ***Removal of work activity as a trigger for a medical disability review for long-term DI beneficiaries***, which means that these beneficiaries (regardless of participation in TTW) can seek work without fear that their engaging in work will lead SSA to conduct a review of their disability status.
- ***Extended eligibility for Medicare*** continues coverage for DI beneficiaries who return to work for an additional 54 months beyond what was available before (from 39 to 93 months). In addition, when that extended coverage expires, beneficiaries can purchase Medicare coverage.
- ***Medicaid Buy-In program*** provisions in the Ticket Act make it easier for states to establish programs that let people with disabilities purchase Medicaid coverage on a sliding-fee basis. Currently 28 states have such programs.

Thus, the TTW program seeks to increase the rate at which disability beneficiaries exit the rolls due to work by adding two payment systems with stronger performance incentives that expand beneficiaries' choices for service providers and reduce some of the work disincentives.

TTW is being rolled out across the country in three phases, beginning in February 2002 and continuing through September 2004. As of September 2003, the program was well underway, operating in 33 states plus the District of Columbia. At that time, SSA had mailed tickets to almost 5.3 million beneficiaries, 784 providers had registered as ENs in addition to 50 SVRAs, and almost 25,000 beneficiaries had assigned their ticket to an EN or a SVRA (Social Security Administration 2003).

Even at this relatively early point in its development, TTW has become one of the biggest operations ever fielded by SSA. It has required SSA to develop many new systems that were not particularly important when its mission focused primarily on paying benefits. In particular, new procedures had to be developed to recruit and register ENs, to inform and recruit beneficiaries, and to track monthly eligibility status and work activity in sufficient detail to support the milestone and outcome payments. Given the magnitude of these changes and complexity of program interactions, it will take a while before all components are working smoothly and the program can achieve its maximum effectiveness.

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## **A. EVALUATION COMPONENTS: GOALS, SCHEDULES, AND PRODUCTS**

Given the importance and complexity of this new program, Congress mandated that SSA conduct a comprehensive evaluation to provide important short-term information about program implementation that will help SSA refine program operations. This feedback is particularly important to SSA as it proceeds through the difficult initial stages of program implementation. The evaluation will also provide information about the long-term effects of TTW on beneficiaries' employment, earnings, and benefit receipt, which in turn will help SSA and Congress assess the extent to which TTW meets its goals.

In addition, the evaluation will provide important information for SSA's ongoing policy development. The evaluation will analyze the records of millions of beneficiaries and survey thousands of beneficiaries and TTW participants during the next five years. In doing so, it will provide detailed information about the work behaviors and attitudes of beneficiaries, and identify the ways they get information about Social Security programs and the labor market. This information will enable SSA to tailor the TTW program and future initiatives to more effectively reach beneficiaries and help them to achieve their full employment potential.

At the end of May 2003, SSA contracted for the full evaluation, although substantial evaluation activity had occurred under an earlier design contract. In particular, the full evaluation follows the design developed by Stapleton and Livermore (2002) and builds on the preliminary process analyses done by Livermore et al. (2003).

As specified in the design, SSA has established seven major priorities for the TTW evaluation (shown in Table I.1). The evaluation will use three types of data to address these priority questions: (1) extensive qualitative data about TTW operations to be collected through document review, on-site interviews, telephone interviews, and focus groups; (2) longitudinal SSA administrative data for millions of beneficiaries plus Rehabilitation Services Administration data that will be matched to SSA records; and (3) a set of surveys that includes both repeated cross-section surveys of disability program beneficiaries and longitudinal surveys of TTW participants. In addition, the process analysis will help to identify ways to improve TTW operations and will also provide information that will help interpret findings from the participation, impact, and adequacy of incentives analyses.

The evaluation will conduct the following four analyses.

### **1. Process Analysis**

The process evaluation will rely on both administrative and survey data combined with qualitative data from site visits, telephone interviews, and focus groups with the TTW Program Manager (a contractor hired by SSA to help implement TTW), SSA, ENs, and other providers who choose not to become ENs. It will document how TTW is being implemented, assess how the program affects the market for employment-related services, and provide contextual information to help interpret impact analysis findings. It will also assess the implementation and ongoing operations of TTW over the 2003–2007 period,

building on the information collected earlier by Livermore et al. (2003). The broad issues to be addressed include the following:

- How is TTW being implemented and what are the issues and/or problems faced by SSA, the Program Manager, ENs, beneficiaries, and other stakeholders?
- What changes in the program policies and operations have been made since inception?
- Does TTW improve the supply of employment-related services to beneficiaries and, if so, in what manner? If not, why not? Also, what factors influence service providers' decisions to participate in the TTW program?
- Does TTW expand or change the use of employment-related services by beneficiaries and, if so, in what manner? If not, why not?

**Table I.1: Evaluation Priorities, Components, and Data**

Priority Questions for the Evaluation	Analyses				Data Sources		
	Process	Participation	Impact/Outcomes	Adequacy of Incentives	Qualitative Data	Survey Data	Administrative Data
1. Did TTW significantly reduce dependence on SSA benefits through increased employment and earnings?			√				√
2. What was the impact of TTW on earnings, employment duration, SSA benefits, and beneficiary income?			√				√
3. Did TTW produce net SSA program costs or savings? How much? What are costs and benefits of the TTW program to SSA?			√				√
4. Who did and did not participate in TTW?		√				√	√
5. What groups were adequately served under the TTW program, and what groups were underserved?				√	√	√	√
6. What aspects of the program improved or reduced program success?	√				√	√	√
7. Did TTW produce net social costs or benefits? What were the social costs and benefits of the TTW program?			√		√	√	√

## 2. Participation Analysis

The participation analysis will rely on administrative and survey data to answer the broad questions: how many beneficiaries participate in TTW, what are their characteristics, and what are their reasons for nonparticipation? More specifically, the analysis will address the following questions:

- How do beneficiaries learn about the TTW program? Do they generally understand the opportunities it offers?

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- How many beneficiaries participate in the TTW program?
  - What are the characteristics of individuals who do and do not participate in the TTW program and how do these characteristics relate to participation?
  - How do potential participants' attitudes and perceptions of the TTW impact whether or not they participate in the program?
  - What are the most effective sources of information about TTW for potential participants?
  - How common is involuntary nonparticipation, that is, instances where a beneficiary seeks services but their ticket is refused by an EN?

### **3. Impact/Outcome Analysis**

This evaluation component will address SSA's three top evaluation priorities as highlighted in Table I.1:

- Did TTW significantly reduce dependence on SSA benefits through increased earnings?
- What was the impact of TTW on earnings, employment duration, SSA benefits, and beneficiary income?
- Did TTW produce net SSA program costs or savings? How much? What are costs and benefits of the TTW program to SSA?

The evaluation will estimate program impacts using a design that compares outcomes for TTW participants with outcomes for similar beneficiaries who do not participate. The major challenge of the evaluation is to select comparison beneficiaries who behave as the participants would have in the absence of the TTW program. To meet this challenge, the evaluation will use a variety of analytic approaches, each using a specific comparison group and statistical methodology to assess the extent to which observed differences between participants and the comparison group members are attributable to TTW. These approaches include comparisons within states of similar beneficiaries before and after TTW rollout, contemporaneous comparisons during the rollout period between beneficiaries in states where Tickets are available and those where Tickets are not yet available, and within-state comparisons between beneficiaries who receive Tickets in early mailings and those who receive Tickets in the last rounds of mailing (Stapleton and Livermore 2002).

The impact analysis will be conducted within the context of a general model that will be flexible enough to accommodate all reasonable and defensible analytic approaches. This model will generate impact estimates that, in effect, will be weighted averages of the estimates that would be generated by the specific approaches. These will constitute the evaluation's "benchmark" estimates of the TTW program's impacts. By placing restrictions

on the general model, we will also be able to produce impact estimates that correspond to each specific analytic approach. This approach provides a set of plausible estimates, rather than a single inherently uncertain estimate. In doing so, it tries to give policymakers a good sense of the effects TTW produces, particularly when the impact estimates are interpreted in the context of the detailed operational and contextual information gathered in the process evaluation and participation analysis.

Most of the estimates will be based on analysis of SSA administrative data. Survey data will be used to measure outcomes that are not measured in the administrative data (e.g., hours worked, wage rates, fringe benefits, and satisfaction with EN services). Because the number of people included in the surveys will be far fewer than those captured in the administrative data, and because we could not conduct the surveys before TTW's rollout, we will not be able to estimate impacts on such outcomes; instead, we will focus on describing outcomes and trying to understand beneficiaries' perspectives of the TTW program and work.

#### **4. Adequacy of Incentives Analysis**

The adequacy of incentives analysis will draw on the process, participation, and impact/outcome analyses. In essence, the evaluation will examine many of the issues previously described, focusing specifically on the subgroups of beneficiaries that are expected to have a particularly difficult time accessing services through the TTW program. This subgroup, as defined in the Ticket Act, includes individuals who need ongoing support and services in order to maintain employment, individuals who require high-cost job accommodations, individuals who earn a sub-minimum wage, and individuals who work and receive partial cash benefits. The Ticket legislation requires SSA both to assess whether the program includes sufficient incentives to encourage ENs to work with these groups of beneficiaries and to consider program modifications that might improve services for these individuals. The evaluation will focus on the first of these requirements and provide SSA with information that will help the agency address the second. Some of the key questions for this evaluation component include the following:

- How many beneficiaries are in these four Adequacy of Incentives (AOI) groups, and what are their characteristics and program benefits?
- Are ENs willing and able to work with beneficiaries in the AOI groups?
- What employment services do beneficiaries in these groups receive, with and without Tickets?
- To what extent does TTW affect employment and program outcomes for these beneficiaries?
- To what extent does TTW affect net program costs for these beneficiaries?
- To what extent do non-SSA programs serve these beneficiaries, and how does TTW affect those programs?

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## **B. PURPOSE AND ORGANIZATION OF THIS EVALUATION REPORT**

This is the first report from the evaluation. Written using data collected within four months after the effective date of the contract, its primary goal is to provide SSA with formative information on program implementation. The issue of program effectiveness will be addressed in subsequent reports. This report begins by reviewing the basic structure of the TTW program and its legislative and programmatic context (Chapter II). It then turns to the early TTW implementation experience, examining the many procedures and policies SSA developed for this new program and the early operation experience of SSA, the Program Manager and ENs (Chapter III). Then the report presents current statistics on the number of tickets that have been mailed, accepted by ENs or SVRAs, and the characteristics of beneficiaries who are using their Tickets (Chapter IV), which is followed by case studies of experienced ENs that have served substantial numbers of beneficiaries under the TTW program and that were interviewed earlier in the preliminary process analysis (Chapter V). The report then turns to the important issue of the adequacy of incentives, using a mixture of updated process information and statistics on ticket assignments (Chapter VI). The report concludes with two chapters that identify the operational issues that deserve further consideration (Chapter VII) and describe the remaining data collection, analysis, and reporting activities of the evaluation (Chapter VIII). Appendices provide more detailed statistics on ticket activity in the 33 states where TTW is currently operational, more details about the case-study ENs, and details about how we identified beneficiaries in the AOI groups.

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## CHAPTER II

### STRUCTURE AND BACKGROUND OF THE TICKET TO WORK PROGRAM

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The ideas behind the TTW program are fairly simple, but the program itself has become fairly complex (Berkowitz 2003). The basic approach was developed by a panel formed by the National Academy for Social Insurance, which sought to make the rehabilitation system more effective by paying providers only when they enabled a beneficiary to earn his or her way off the rolls. The panel's entire concept was summarized in the following few sentences:

Under the Panel's plan, disability beneficiaries would receive a return-to-work ticket, akin to a voucher, that they could use to shop among providers of rehabilitation or return-to-work services in either the public or private sector. Once a beneficiary deposits the ticket with a provider, the Social Security Administration would have an obligation to pay the provider after the beneficiary returned to work and left the benefit rolls. Providers whose clients successfully returned to work would, each year, receive in payment a fraction of the benefit savings that accrued to the Social Security Trust Funds because the former beneficiary is at work and not receiving benefits (Mashaw and Reno 1996).

However, as this idea was translated into practice, the actual program became fairly complicated. Eligibility rules were established to avoid paying for services to beneficiaries who were expected to medically recover and exit the rolls anyway or for SSI recipients who had recently turned 18 but who had not yet been determined eligible for SSI as adults. Milestone payments were introduced to help providers finance services and encourage them to serve beneficiaries who would not be expected to leave the rolls quickly. Payment amounts were tied to overall average benefit payments rather than to each individual's benefits. Because average monthly SSI benefits are lower than average monthly DI benefits, the payments to ENs for serving SSI-only recipients are lower than those for serving DI beneficiaries. To resolve arguments between beneficiaries and providers, SSA established a dispute resolution process. The agency also created new computer systems to track program participation and exits due to earnings as well as to pay providers.

This chapter describes the structure of the TTW program as it is implemented today (late 2003), including the key groups and organizations involved; the rules that guide its operations; and the context in which it has been established, including the service and payment system it is replacing and related initiatives that may help the program succeed.

This description gives an overview of how the program is intended to operate. The chapters that follow describe how each element was implemented. Livermore et al. (2003) provide information about earlier implementation.

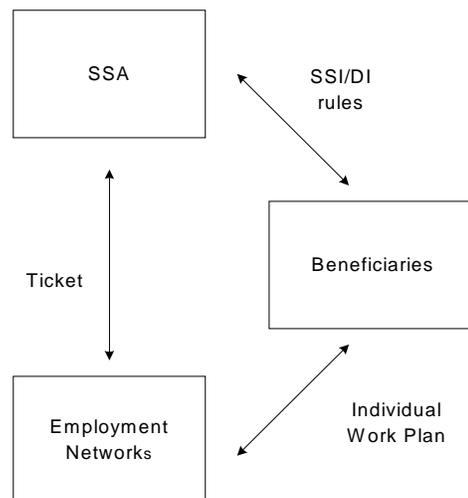
## A. BASIC STRUCTURE OF TICKET TO WORK

This section begins with an overview of the roles and responsibilities of the major program stakeholders. It then describes the key processes and policies of the program, generally from the perspective of a beneficiary. It concludes with an explanation of the services that ENs provide and the program's reimbursement policies.

### 1. Roles and Responsibilities of Major TTW Stakeholders

Conceptually, TTW is a fairly simple program, as displayed in Figure II.1. It begins with the disability beneficiaries who may, with varying degrees of assistance, be able to achieve economic self-sufficiency and thus leave the SSI or DI rolls. The program then revolves around two relationships. The first relationship involves the Ticket itself, which is essentially a promise of payment from SSA to an EN for providing services that move disability beneficiaries back to work and off the SSI/DI rolls. The second relationship, between a beneficiary and an EN, is governed by a voluntary agreement about services, called an Individual Work Plan (IWP).<sup>1</sup>

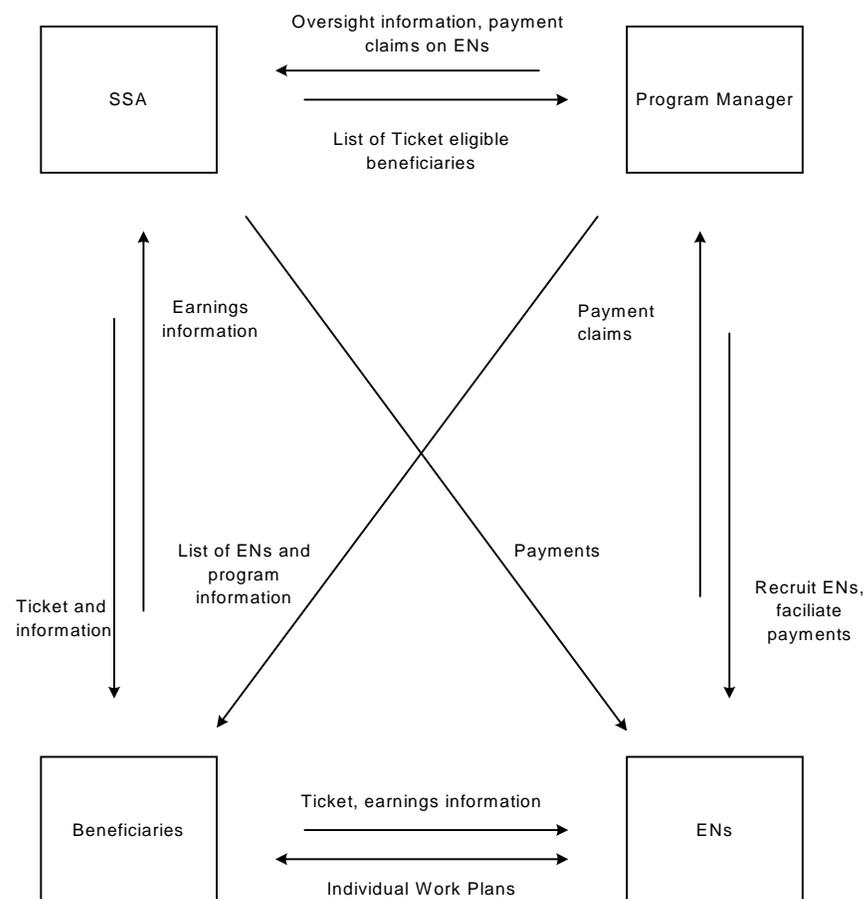
**Figure II.1: Overview of Key Relationships in TTW**



<sup>1</sup>The service plan prepared by an SVRA is known as Individual Plan for Employment (IPE), the name for SVRA agreements with clients before TTW. Since IWPs and IPEs are essentially the same thing, for the sake of simplicity we hereafter use the term IWP to refer to either type of plan.

In reality, however, the success of the TTW program depends on multiple stakeholders carrying out many diverse and interrelated tasks according to specific rules and time frames. For instance, as shown in Figure II.2, SSA provides a Ticket and related information to eligible beneficiaries and a list of those beneficiaries to the Program Manager. Beneficiaries take their Tickets to an EN, negotiate an IWP with the EN to specify a set of services that will get them working, and then participate in those services. Once they are employed, participants report their earnings to SSA and their EN; the earnings determine whether the beneficiary remains eligible for DI or SSI benefits and therefore help to determine the payments that ENs receive. ENs provide or arrange for services to beneficiaries and submit payment claims to the Program Manager. The Program Manager recruits ENs, notifies beneficiaries about ENs in their area, facilitates payments to ENs on behalf of SSA, and notifies SSA about any problems with EN performance. The responsibilities of the four major TTW stakeholders—SSA, the Program Manager, ENs, and beneficiaries—are identified below.

**Figure II.2: Relationships Among Beneficiaries and the Three Types of TTW Organizations**



**a. SSA Responsibilities**

SSA has overall responsibility for operating the TTW program. Within SSA, the Office of Employment Support Programs takes the lead, with substantial support from the Office of Information Management, the Office of Systems, and the Office of Operations, and additional support from numerous other SSA offices. Together, these various parts of SSA have the following responsibilities for the TTW program:

1. Develop the program regulations
2. Develop the systems within the agency to manage the program
3. Develop the procedures required to administer the program
4. Train SSA staff on the program procedures
5. Identify all DI and SSI beneficiaries who are eligible to receive a Ticket
6. Provide data on Ticket-eligible beneficiaries to the Program Manager
7. Develop and update EN requests for proposals to recruit prospective ENs, and make EN contract awards
8. Use a Government Printing Office contractor to mail a "Ticket Package" to every eligible beneficiary who lives in a state where TTW has been implemented
9. Provide beneficiaries who contact SSA through its toll-free number or who visit an SSA field office with supplemental information on the TTW requirements and refer them to the Program Manager's toll-free telephone number for more detailed information
10. Inform beneficiaries of their rights and responsibilities when an EN elects to terminate an IWP after the EN has provided written notification to the beneficiary and the Program Manager, and the Program Manager has updated the SSA database
11. Provide periodic opportunities for ENs to change their payment elections for prospective clients
12. After receiving EN payment requests via the Program Manager, evaluate the work report for cash benefit effect, determine whether payment to the EN is appropriate, and authorize the appropriate payment amounts or deny the request

**b. Program Manager Responsibilities**

By law, the Program Manager is a private- or public-sector organization that enters into a contract to assist SSA in administering TTW. SSA may choose to contract with one or more entities to act as Program Manager(s). In September 2000, SSA contracted with

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MAXIMUS to serve as the Program Manager for a period of five years. The Program Manager is prohibited from directly participating in the delivery of employment services, vocational rehabilitation services, or other support services to beneficiaries with Tickets in the Program Manager's designated service delivery area. The primary responsibilities of the Program Manager under TTW are to:

1. Recruit and recommend potential ENs to SSA and ensure adequate service coverage in each state
2. Design and maintain a system to collect, store, and report management information data supporting the TTW program
3. Provide training on TTW to Program Manager staff, ENs, SVRAs, and SSA staff members
4. Establish a toll-free telephone number through which to receive inquiries from beneficiaries, ENs, SVRAs, and other interested parties and provide detailed information on TTW program provisions
5. Accept and process requests for Tickets on demand (that is, requests for Tickets by beneficiaries who live in a state where TTW has been rolled out but who have not yet been mailed a Ticket)
6. Facilitate beneficiary access to ENs, including making lists of ENs available to beneficiaries and ensuring that information is in an accessible format
7. Manage the Ticket assignment process by reviewing IWPs and resolving disputes between beneficiaries and ENs or SVRAs
8. Ensure that beneficiaries have the ability to change ENs, and reassign Tickets based on beneficiaries' choices
9. Facilitate payments to ENs and ensure that they have complied with their SSA contract
10. Monitor EN activities and inform SSA of problems with EN performance
11. Monitor the selected ENs to ensure that service choices available to beneficiaries are adequate

**c. Employment Network Responsibilities**

Any interested entity may propose to serve as an EN for the TTW program, subject to approval by SSA. An EN may be a public or private organization, a single organization, or a consortium or organizations. Its scope may range from providing services in a single, small area to doing so nationwide. Employers may also become ENs. There is no limit on the number of ENs that may participate in TTW. It was anticipated that many organizations already serving persons with disabilities would step forward as ENs, but new organizations or existing organizations that have not previously provided a substantial set of services to people with disabilities may also participate. The primary responsibilities of ENs are to:

1. Enter into an agreement with SSA
2. Designate the geographic area(s) in which they will provide services, the types of services they will provide, and the types of beneficiaries they will serve.
3. Select one of the two available payment systems (outcome or milestone-outcome)
4. Provide the beneficiary with a comprehensive explanation of both the services they offer and the beneficiary's responsibilities
5. Verify Ticket-holder eligibility and whether any payments have been made to another EN
6. Develop an IWP with each beneficiary and ensure that services provided are appropriate to the IWP
7. Submit the appropriate documentation to the Program Manager, which assigns the Ticket
8. Provide employment services, vocational rehabilitation services, or other support services to beneficiaries, either directly or by entering into agreements with other entities
9. Submit claims for payments to the Program Manager with the documentation needed to support the claim for payment
10. Notify the beneficiary and the Program Manager in writing when a beneficiary's ticket is terminated

#### **d. Beneficiary Responsibilities**

To be eligible for a Ticket, a person must be receiving SSI or DI benefits and be between the ages of 18 and 64 (inclusive). Their impairments may be either permanent (improvement is not expected) or nonpermanent (improvement is either expected or cannot be accurately predicted). Two small groups (accounting for about six percent of all beneficiaries) are ineligible: (1) SSI beneficiaries who had been entitled to benefits under the childhood regulations but who have very recently turned 18 and have not undergone the process to determine whether they are disabled under the adult eligibility criteria and (2) both SSI and DI beneficiaries for whom medical improvement was expected at the time of benefit award but who have not passed at least one medical continuing disability review.

The primary responsibilities of beneficiaries are to:

1. Obtain sufficient information to decide whether to participate in TTW, and if so, to select an appropriate EN
2. Locate and contact, with the help of the Program Manager, an appropriate EN or SVRA willing to accept the Ticket
3. Participate in the development of the IWP with the EN

4. Participate in the activities described in the IWP and meet the “timely progress” requirements for active TTW participation
5. Once employed, report earnings to SSA and the EN
6. Inform the EN and the Program Manager in writing of a decision to dissolve the relationship with an EN

## **2. Mechanics of the TTW Program**

### **a. Ticket Assignment**

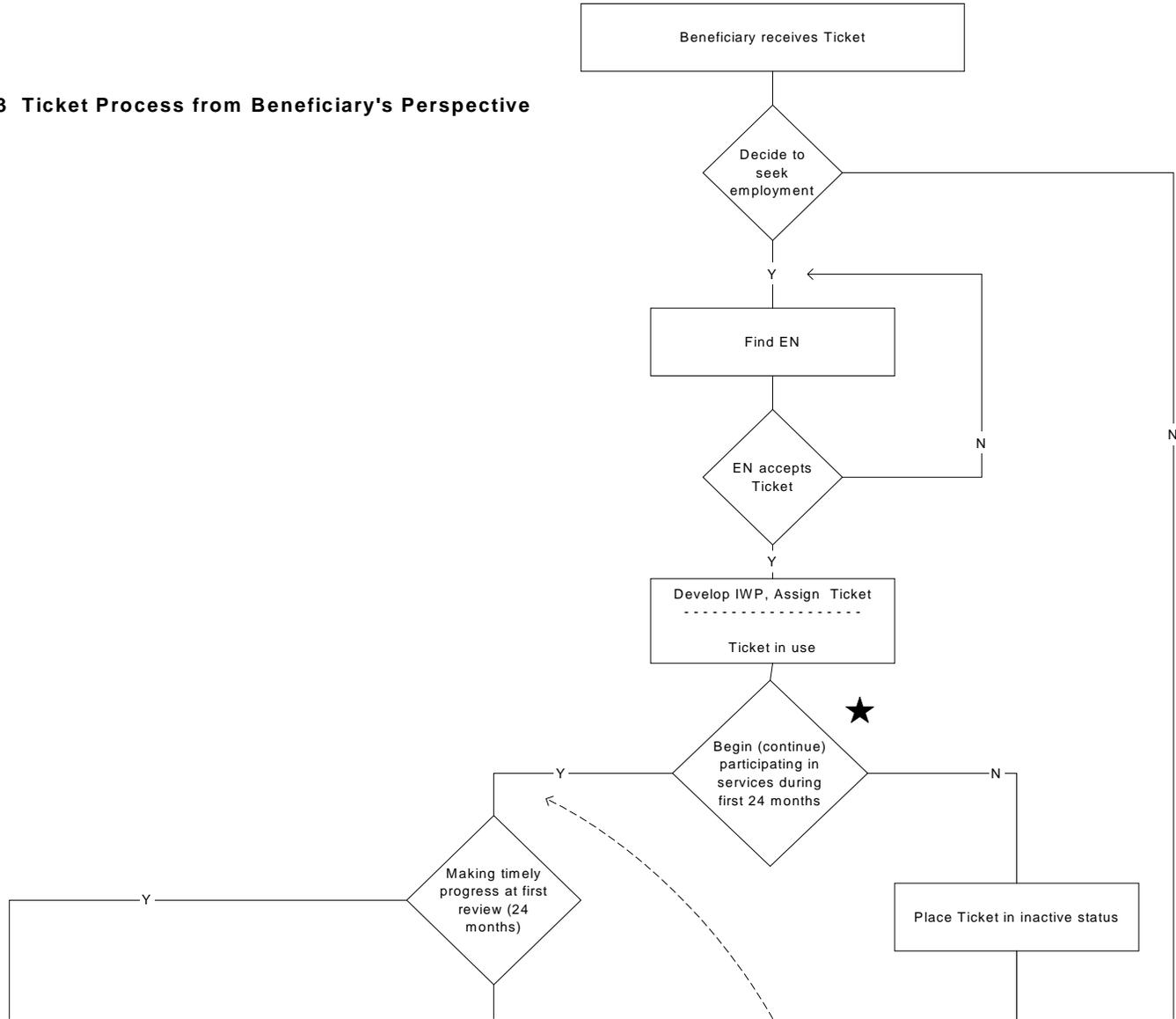
Figure II.3 depicts the sequence of activities a beneficiary would follow, starting with receipt of a ticket—a red, white, and blue certificate stating SSA’s agreement to pay an EN for services provided when the beneficiary achieves prescribed earning objectives. First, the beneficiary must decide whether to seek services from an EN. (Because participation in TTW is voluntary, the beneficiary is free to choose whether to use the Ticket to seek services.) The Program Manager makes available a list of approved ENs in the beneficiary’s area, and beneficiaries may assign their Tickets to participating ENs in any month in which they meet program eligibility requirements. Beneficiaries cannot assign their Tickets to more than one provider at one time.

ENs are not obligated to accept a Ticket and may choose which beneficiaries they want to serve. In making this choice, they might consider, for example, their ability to help a particular beneficiary achieve sufficient earnings to generate Ticket payments. The beneficiary and the EN are free to negotiate the services provided in exchange for the Ticket. In order for a Ticket to be officially assigned, the EN and the beneficiary must co-develop and sign an IWP. Any participating beneficiary who is not satisfied with the services he or she is receiving may take the Ticket out of assignment and re-assign it to another provider that is willing to serve them, which would require developing and signing a new IWP.

Once a Ticket is assigned, the Program Manager initiates a series of reviews to determine whether the beneficiary is making “timely progress” toward self-supporting employment, which is defined as working at levels that will reduce or eliminate dependence on DI or SSI benefits. So long as beneficiaries are determined to be making timely progress, their Tickets are considered in use. This is significant because for these beneficiaries, SSA may not initiate a medical continuing disability review (CDR), the usual process for determining a beneficiary’s medical eligibility for continued benefits. Beneficiaries not eligible for Tickets, those whose Ticket are not in use, and those who do not meet timely progress requirements are not eligible for the CDR protection.

The first progress review takes place 24 months after Ticket assignment, excluding any months a Ticket was either not assigned to an EN or in inactive status (which is defined in the next section). The purpose of this review is threefold: (1) to determine whether the beneficiary is “actively participating” in his or her IWP, defined as engaging in activities outlined in the IWP on a regular basis and approximately in the timeframe specified; (2) to

Figure II.3 Ticket Process from Beneficiary's Perspective





examine whether a goal in the IWP is to work at least three months at the substantial gainful activity (SGA) level by the time of the second review; and (3) to assess whether the beneficiary can reasonably be expected to reach that goal.

The second and all subsequent reviews take place on an annual basis. During these reviews, beneficiaries are expected to meet progressively higher levels of employment for their Tickets to remain in active-use status and thus to extend their exemptions from medical CDRs. During the first 12-month review period, beneficiaries are required to work at least 3 months at the nonblind SGA level (currently \$810 per month). During the second 12-month review period, they are required to work at least 6 months at the nonblind SGA level. During the third 12-month review period (and succeeding 12-month periods), they are required to work at least 6 months in each year<sup>2</sup> and have earnings in each of those months that are sufficient to eliminate the payment of DI or federal SSI benefits. Although this overall process could involve multiple reviews, SSA anticipates that most TTW participants will not be subject to multiple reviews because those who begin working will very likely be working at levels that quickly move them off the SSI or DI rolls.

#### **b. Placing a Ticket in Inactive Status and Reactivating It**

Beneficiaries who have assigned their Tickets but are temporarily unable to participate or who are not actively participating during the first 24 months after Ticket assignment may place their Tickets in inactive status.<sup>3</sup> To do this, they must submit a written request to the Program Manager along with a statement from the EN about the inactivity. As mentioned above, inactive-status months do not count toward the time limit for making timely progress toward self-supporting employment, and beneficiaries with Tickets in inactive status are subject to medical CDRs. If a beneficiary whose Ticket is still assigned but in inactive status wants to resume participation in the program, he or she notifies the EN, which in turn notifies the Program Manager. The Program Manager then contacts the EN after three months to verify active participation. Beneficiaries who are found not to be actively participating are notified of this finding by the Program Manager and become subject to medical CDRs unless the beneficiary requests a review of the decision.

Beneficiaries who fail to meet the timely progress requirement may submit a written request to the Program Manager to re-enter in-use status. The Program Manager determines whether a beneficiary meets the requirements to re-enter the program based on active participation and/or work activity for a specified length of time.

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<sup>2</sup>Months of employment need not be consecutive during any review period.

<sup>3</sup>Beneficiaries may not place their Tickets in inactive status following completion of the 24-month review period. If they need to cease participation after that point, their Tickets are not terminated; rather, these beneficiaries are subject to a finding that they are not making timely progress toward self-supporting employment and thus lose eligibility for the CDR protection.

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### **c. Dispute Resolution**

In a program as complex as TTW, and with beneficiaries' income and ENs' revenues at stake, it should not be surprising that disputes may arise at various points in the process. Anticipating this problem, SSA has developed a three-step process for resolving disputes between beneficiaries and ENs (that are not an SVRA): (1) either party may seek resolution through the EN's internal grievance process; (2) if the EN's internal grievance process does not produce a resolution satisfactory to both parties, either party may seek resolution from the Program Manager; (3) if the beneficiary or the EN is not satisfied with the Program Manager's proposed resolution, either party may request a decision from SSA. SSA's decision on the dispute is final. In addressing disputes with ENs or other service providers, beneficiaries may engage the assistance of the SSA-funded Protection and Advocacy for Beneficiaries of Social Security (PABSS) programs, described later in this chapter.

Disputes arising between beneficiaries and SVRAs (even those acting as ENs) are governed by the dispute resolution provisions of the Rehabilitation Act. These provisions allow beneficiaries to pursue grievances through their state's Client Assistance Program<sup>4</sup> and provide opportunities to resolve disputes through formal mediation or an impartial hearing process.

Disputes arising between ENs and the Program Manager are subject to review under the Program Manager's internal grievance process. If the grievance process does not result in a mutually agreeable resolution within 20 days, the Program Manager must refer the dispute to SSA for a decision. Like disputes between beneficiaries and ENs, SSA's resolution is final in EN-Program Manager disputes.

### **d. Ticket Period of Use and Termination**

The period during which a Ticket can be used ends after 60 outcome payments have been made to an EN. At any prior point, a beneficiary's Ticket will be terminated if his or her eligibility for DI or SSI benefits ends for reasons other than work activity or earnings. Examples include medical improvement, conversion to the Social Security Old Age or Survivors programs, unearned income exceeding SSI eligibility limits, and death.

## **3. Services and Reimbursement**

As mentioned above, services to beneficiaries under TTW are governed by a written, signed agreement between the beneficiary and the EN, known as an IWP. The IWP outlines the specific employment services, vocational rehabilitation services, and other support services that the EN and the beneficiary have determined are necessary to achieve the beneficiary's stated employment goals (the ultimate goal being earnings at a level that takes

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<sup>4</sup>Each state has a Client Assistance Program, an independent entity that provides advocacy services ranging from information and referrals to representation during court actions.

the beneficiary off the disability rolls). The EN must submit a signed copy of each IWP to the Program Manager. The EN must also develop and implement the plan in a manner that gives the beneficiary the opportunity to exercise informed choice in selecting an employment goal. According to final program rules, an IWP must include statements addressing:

1. The vocational goal developed with the beneficiary, including appropriate goals for earnings and job advancement
2. The services and support necessary for the beneficiary to accomplish the goal(s)
3. Any terms and conditions related to providing the services and support
4. The fact that the EN may not request or receive compensation from the beneficiary for the cost of services and supports
5. The conditions under which the EN may amend the IWP or terminate the relationship
6. The beneficiary's rights under TTW—including to privacy and confidentiality, to have a copy of the IWP, and to seek to amend the IWP—and of the remedies available to the beneficiary.

Services provided under TTW could vary substantially depending on beneficiaries' needs. A beneficiary with well-developed work skills and substantial work experience might need only short-term assistance in identifying and getting interviews with appropriate employers. For such a person, an EN would function generally as a job placement firm. Some beneficiaries might need longer-term job training or vocational rehabilitation to develop skills that would enable them to get and keep a job with wages high enough to move them off the disability rolls. Others might need an EN to provide support services such as transportation and child care to help them remain and function effectively in the workplace.

When beneficiaries make progress toward and achieve approved employment objectives—that is, work for a specified numbers of months at the nonblind SGA level—ENs may be paid for those outcomes. Overall, the TTW reimbursement system marks a significant departure from the traditional cost reimbursement system for SVRAs, which is discussed later. Under the TTW program, ENs may choose to be paid under one of two payment systems: an outcome-only payment system or a milestone-outcome payment system. The former provides a potentially larger total payment, with all payments occurring only when the beneficiary is off the disability rolls; the latter provides somewhat lower total potential payments but up to four initial payments that begin while the beneficiary is still on the disability rolls but has achieved specific earnings milestones. The two plans were designed so that the maximum total amount of payments made to an EN with respect to a beneficiary under the milestone-outcome system would equal about 85 percent of the payout available under the outcome-only system. An overview of the two systems is provided in Table II.1.

**Table II.1: Outcome-Only and Milestone-Outcome Payment Systems, Based on 2003 Amounts**

	% of PCB*	SSI Ticket-Holder	SSDI Ticket-Holder
<b>Outcome-Only Payment System</b>			
Outcome achieved when:			
The beneficiaries' entitlement to Social Security disability cash benefits ends or eligibility for SSI cash benefits based on disability or blindness terminates due to work activity or earnings.	40%	\$196 per month	\$328 per month
<b>Total outcome payments available (60 payments)</b>		<b>\$11,760</b>	<b>\$19,680</b>
<b>Milestone-Outcome Payment System</b>			
Must occur before the first outcome payment month, and is achieved when the beneficiary works:			
Milestone:			
1. 1 calendar month above gross SGA	34%	\$167	\$279
2. 3 calendar months above gross SGA in a 12-month period	68%	\$334	\$557
3. 7 calendar months above gross SGA in a 12-month period	136%	\$668	\$1,114
4. 12 calendar months above the applicable SGA threshold amount in a 15-month period	170%	\$835	\$1,393
<b>Total of the 4 milestone payments available</b>		<b>\$2,004</b>	<b>\$3,343</b>
+60 (reduced) outcome payments:			
Same rules apply with regard to when an outcome is achieved as under the outcome payment method  Each outcome payment made to an EN will be reduced by an amount equal to 1/60 <sup>th</sup> of the total milestone payments made to that EN	34%	Depending on the number of milestones achieved, outcome payments could range from  \$134 to \$279	
<b>Estimated total available</b>			
Added together, the 4 milestone payments plus the 60 available months of reduced outcome payments should equal about 85% of the maximum possible under the outcome payment method		<b>\$10,044</b>	<b>\$16,723</b>

SOURCE: [www.yourtickettowork.org/selftraining/EN\\_Unit6\\_PaymentOptions.doc](http://www.yourtickettowork.org/selftraining/EN_Unit6_PaymentOptions.doc). Accessed November 13, 2003.

Note: The potential for outcome payments related to SSI beneficiaries may be affected by their monthly federal benefit calculation

\*The PCB is based on the cash disability benefits SSA paid in the prior calendar year. These formulas are updated annually. The PCBs for 2003 are \$819 for SSDI and \$491 for SSI. Individual payments have been rounded to the nearest whole dollar.

Under the **outcome-only** payment system, SSA makes up to 60 monthly payments to the EN, one for each month in which the beneficiary receives no DI or federal SSI benefit payments because of work or earnings.<sup>5</sup> After DI/SSI benefits reach zero, an outcome payment occurs for any months in which the individual (1) has gross earnings from employment (or net earnings from self-employment) that exceed the level defined as substantial gainful activity (SGA) and (2) is not entitled to or eligible for any type of Social Security or SSI benefit. The months need not be consecutive. Monthly outcome payments are equivalent to 40 percent of the payment calculation base (PCB)—the prior calendar year’s national average monthly DI or SSI disability payment amount. In 2003, TTW monthly outcome payments to ENs were \$328 for DI and \$196 for SSI. For concurrent beneficiaries, outcome payments are based on the average DI amount.

Under the **milestone-outcome** payment system, SSA makes up to four payments to the EN, based on the beneficiary achieving certain self-sufficiency goals, or “milestones,” while he or she is still receiving cash disability payments. The first milestone is achieved when the beneficiary has worked for one month and has earnings in that month that exceed the SGA level. The second milestone is achieved when the beneficiary has worked for 3 months within a 12-month period and has earnings for each of the 3 months in excess of the SGA level. The third milestone is achieved when the beneficiary has worked for 7 months within a 12-month period and has earnings over the SGA level for each of the 7 months. The fourth milestone is achieved when the beneficiary has worked for 12 months within a 15-month period and has earnings for each of the 12 months that are above the SGA level. Any of the months used to meet previous milestones can be included in the months used to meet subsequent milestones. In addition to the milestone payments, ENs choosing this option can also request monthly outcome payments after a beneficiary leaves the disability program rolls, although each outcome payment will be reduced by an amount equal to 1/60<sup>th</sup> of the milestone payments made to the EN with respect to a particular beneficiary.<sup>6</sup>

Each of the milestone payments is larger than the preceding one, reflecting the progressively greater accomplishments represented by successive milestones. The first

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<sup>5</sup>The point at which beneficiaries’ federal payments reach zero is different in each program. In general, DI beneficiaries receive zero benefits when monthly earnings, after consideration of applicable work incentive provisions, are over the level defined as SGA—\$800 per month in 2003—and the nine-month trial work period and three-month grace period have been completed. For SSI beneficiaries who have no non-SSI income besides earnings, federal cash benefits are reduced to zero when all earnings, net of disregards, are at least twice the full SSI benefit. If an SSI beneficiary has other income, then the amount of earnings required to reduce the federal cash benefit to zero can be less than twice the full SSI benefit. The amount of earnings required to reduce the federal SSI benefit to zero will also be affected by numerous other factors, including the living arrangement and the couple versus individual rate.

<sup>6</sup>As under the outcome payment option, monthly payments under this option are payable for a maximum of 60 months, and the months need not be consecutive.

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milestone payment is equal to 34 percent of the PCB, as defined above. The second milestone payment is equal to 68 percent of the PCB for the calendar year in which the month of milestone attainment occurs. The third milestone payment is equal to 136 percent of the PCB for the calendar year in which the month of milestone attainment occurs. The fourth milestone payment is equal to 170 percent of the PCB for the calendar year in which the month of milestone attainment occurs. Monthly outcome payments under the milestone-outcome system are equal to 34 percent of the PCB for the calendar year in which the month occurs.

To obtain either an outcome or milestone payment, an EN must submit a request and proper documentation of the beneficiary's earnings to the Program Manager. Detailed rules govern the type of earnings evidence that will be accepted and how it will be evaluated. Evidence is categorized as primary or secondary, reflecting the degree to which it can be relied upon as an accurate and complete record of earnings. Primary evidence consists of employer records—for example, pay stubs, employer wage statements, or oral statements by employers. Secondary evidence comes from other (third-party) sources such as state unemployment insurance, tax returns, employee business records, or employee statements of earnings. If the EN is unable or unwilling to submit the primary earnings evidence, it must wait until SSA investigates the reported earnings and develops the evidence necessary to process the claim. This can take substantial time, depending on field office workloads and beneficiary and employer cooperation. The EN can expedite the process by providing the primary earnings evidence up front.

The Program Manager encourages ENs to meet the requirements for primary evidence, as this will expedite the payment process. Evidence that does not meet the standards for acceptance (original, legible, unaltered, clearly identifying the beneficiary, and so on) must be further investigated by the Program Manager (by contacting the EN, beneficiary, or employer) or referred to the relevant SSA field office for continued development; both of these processes could substantially delay payment. The high standards placed on the evidence reflect its use as a key determinant of a beneficiary's continued eligibility for benefits. With respect to primary earnings evidence, one issue that often must be addressed is that pay stubs may not contain all of the information that SSA needs to process the claim. The evidentiary requirements also differ depending on the program(s) from which the beneficiary is receiving benefits (DI and/or SSI) and the type of payment claim.<sup>7</sup> As discussed in Chapter III, SSA is in the process of implementing changes intended to reduce the burden of collecting evidence after the third Ticket payment for a beneficiary has been made.

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<sup>7</sup>For DI beneficiaries, SSA requires information on the period in which the wages were *earned*. For SSI beneficiaries, SSA requires information on the date that the wages were *paid*. Also, for all milestone payments and for outcome payments after benefits terminate for work or earnings, SSA requires information on the date that the wages were *earned*.

ENs may periodically elect to change their payment systems. They may change their initial payment system within 12 months after selecting it or within 12 months after TTW is rolled out in the state, whichever is later. Thereafter, ENs can switch payment systems no more frequently than every 18 months. However, payments made to ENs with respect to a particular beneficiary are always based on the payment system in place when the beneficiary's Ticket was assigned. Consequently, ENs that select to switch payment systems may receive payments under both systems simultaneously.

SVRAs can choose whether to serve a given beneficiary under either of the two new payment systems or under the traditional payment system. If acting as an EN, the SVRA will be paid under the EN payment system it has elected (the outcome-only or milestone-outcome system). If acting as a traditional vocational rehabilitation provider, the SVRA will be reimbursed under the traditional payment system. This system is also used when SVRAs serve beneficiaries who have not been issued Tickets or beneficiaries who were receiving services from the SVRA before they became eligible for a Ticket and subsequently decide not to assign the Ticket to the SVRA.

## **B. PROGRAM CONTEXT**

The success of the TTW program will be strongly influenced by the context in which it is implemented. This section provides background information on SSA's traditional vocational rehabilitation payment system that TTW is replacing, describes the variety of private organizations that provide work-related services to disability beneficiaries, and discusses several public initiatives that help disability beneficiaries find and maintain employment. A number of the initiatives were designed specifically for individuals served by the TTW program.

### **1. Traditional Vocational Rehabilitation System**

Since 1981, under SSA's Vocational Rehabilitation Reimbursement Program (which we refer to as the traditional payment system), SSA has reimbursed SVRAs for services provided to SSA beneficiaries that result in specified employment outcomes. This payment system, which replaced an earlier block grant program, was designed to improve program outcomes and accountability. Under this system, the state Disability Determination Service applied a set of criteria to individuals awarded SSI or DI benefits. Individuals who appeared to be good candidates for rehabilitation were referred to the SVRA and were then required to participate in the program or risk losing their benefits. (While legally binding, however, this provision was seldom enforced.) Beneficiaries could also apply on their own, without being referred. SSA reimburses SVRAs for reasonable and necessary costs of services provided to disability beneficiaries if such services result in the person's achieving work at the level of SGA for 9 months in a 12-month period.

For reimbursement, SVRAs must submit evidence that the beneficiary has returned to work at a level exceeding SGA for 9 months in a 12-month period. SVRAs typically track beneficiary earnings through state administrative data systems rather than through contact with the beneficiary or the beneficiary's employer. They commonly use quarterly state

Unemployment Insurance (UI) wage data to prove that a beneficiary achieved the required level of income. If the quarterly wages divided by three are at least \$100 above SGA (\$200 over SGA if no information on impairment-related work expenses is available), SSA considers the SGA criterion to be satisfied in each of the 3 months. If the evidence does not meet the \$100/\$200 tolerances, SSA submits a request to the beneficiary's field office to further develop the earnings report. If SVRAs are unable to submit any evidence of earnings, quarterly new hire wage data are used for SSI and concurrent cases. These data are also based on UI records and are submitted by states primarily for purposes of enforcing child support orders. By law, SSA is not permitted to use these data for DI cases. If new hire data cannot be used and the claim appears to be at SGA but does not meet the tolerances, the claim sits in a wage holding file until annual wage information is obtained from the IRS.

An examination of SVRA claims and payments (Livermore et al. 2003) reveals that the number of claims allowed grew substantially and more or less steadily from about 2,200 in 1984 to over 11,000 in 1999. As the number of approved claims rose, so too did SSA's payments, from just over \$4 million in 1984 to over \$100 million during each of the four most recent years for which data are available (1998-2001). In 2001, the average cost per claim allowed was \$12,668. Note that this amount falls between the total amount of payments available for serving SSI and DI clients under both of TTW's payment systems (Table II.1). Thus, SVRAs can receive more money for providing assistance to certain beneficiaries under TTW than under the traditional payment system (assuming the beneficiary's work activity generates all possible milestone and/or outcome payments). Moreover, the government will be assured that the beneficiaries actually leave the disability rolls rather than just working at SGA for nine months.

For many years, SVRAs remained the only real option that SSA disability beneficiaries had for rehabilitation services. Until 1996, SSA could only refer disability beneficiaries to non-SVRA providers if an SVRA declined to participate in the program or terminated or limited its participation. But because all SVRAs participated in the program, there were effectively no alternatives.

New regulations implemented in 1996 attempted to give SSA more flexibility in the referral process by initiating the Alternate Participant Program. An alternative participant is any public or private agency (except a participating SVRA), organization, institution, or individual with whom SSA entered into a contract to provide vocational rehabilitation services. Under this program, the option of serving an SSA beneficiary is still offered first to SVRAs, but if the SVRA does not respond within a given time period, an alternative participant can take the case. For various reasons, however, such as limited marketing of the program to beneficiaries and the difficulties that providers have had in tracking beneficiary employment and earnings, the Alternate Participant Program never successfully served a

large number of beneficiaries. From 1999 to 2001, only 21 out of just 27 claims submitted were paid under the program.<sup>8</sup>

The TTW program dramatically changes the rehabilitation options for SSA disability beneficiaries. When TTW is rolled out in a state, its set of ENs and SVRAs replaces the old system, and SSA ceases to make referrals to the SVRA system. Although SVRAs can continue to use the traditional payment system, they can only do so if the beneficiary assigns his or her Ticket to the SVRA. Although SVRAs may be obligated to serve certain individuals who have not assigned their Tickets to the SVRA, they will not be eligible for payments from SSA unless a Ticket is assigned. In addition, the Alternative Participant Program is being phased out in states as TTW is being phased in. Once a state becomes a Ticket state, alternative participants in the state can no longer accept new referrals under the terms of the Vocational Rehabilitation Reimbursement Program. Alternative participants in Ticket states do, however, have the option of becoming ENs under the Ticket program. From this perspective, TTW is more than just two new options for paying for successful beneficiary rehabilitation. It is more appropriately thought of as the entirety of SSA's efforts to finance employment support services for people with disabilities, encompassing remnants of the earlier program but changing it in fundamental ways.

## **2. Private Providers**

In addition to the nationwide public SVRA system, many private entities have, for many years, provided services to persons with disabilities who wish to enter or return to the labor force. These providers may be nonprofit or for-profit organizations, either large or small. They may serve one geographic area or many, and they may focus on clients with one particular disability or on clients with different disabilities. Many of them may have already been serving SSA disability beneficiaries through agreements with SVRAs; others may have served similar populations but through other assistance programs such as those sponsored by the U.S. Departments of Labor, Education, or Health and Human Services. Examples include Goodwill Industries, The ARC, and, more recently, the Department of Labor's One-Stop Career Centers. Many of these providers may be seen as potentially good EN candidates. Indeed, the Program Manager has targeted such providers for recruitment, and the potential for an income stream from milestone or outcome payments may prompt them to expand or modify their business plans to get involved with TTW.

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<sup>8</sup>As per data provided by Leo McManus, SSA Office of Disability, and cited in Livermore et al. 2003.

### 3. Related Initiatives

TTW has not been implemented in a vacuum. SSA and other federal agencies have launched a number of initiatives intended to assist people with disabilities in finding and maintaining employment by addressing three of the barriers described in Chapter I: financial disincentives, limited knowledge or information, and misinformed or uninformed employers. Many of these initiatives were authorized or mandated by the Ticket Act and some can be used outside of the TTW program. Below, we briefly describe several initiatives most likely to be relevant to beneficiaries participating in TTW.

#### a. Initiatives Addressing Financial Disincentives

**Expedited Reinstatement of Benefits.** Section 112 of the Ticket Act authorizes the expedited reinstatement of DI and SSI disability benefits. In essence, former DI/SSI disability beneficiaries may be eligible to request a reinstatement of benefits if their eligibility was terminated because of work activity in the past five years and if their impairments are the same as or related to the impairments for which they previously qualified for benefits. Section 112 provides that beneficiaries filing a request for expedited benefit reinstatement may receive provisional benefit payments for up to six months while the redetermination of eligibility is being made and, except in cases of fraud or deliberate attempts to deceive, cannot be required to repay these payments if reinstatement is subsequently denied.

**Removal of Work Activity as a Trigger for Disability Reviews.** Section 111 of the Ticket Act means that SSA will not use a beneficiary's work activity as a signal to initiate a disability review. This new protection applies just to DI beneficiaries (including those who concurrently receive SSI) who have received benefits for at least 24 months and does not require the beneficiary to be using a Ticket. These beneficiaries are still subject to the regularly scheduled disability reviews, but no longer need to worry that work activity by itself will trigger a review of their disability status.

**Expanded Medicare and Medicaid Coverage.** One of the biggest issues associated with entering the labor force and earning an income is its potential impact on a person's eligibility for medical insurance. The Ticket Act has several provisions related to public health insurance for people with disabilities.

All DI beneficiaries are eligible for Medicare after 24 months on the DI rolls. Furthermore, if they leave the DI rolls after obtaining Medicare eligibility, they could retain such coverage for an additional 36 months (the Medicare Extended Period of Eligibility). Section 202 of the Ticket Act extends that 36-month period by an additional 4.5 years for most working people with disabilities. Most DI beneficiaries will therefore be able to keep their Medicare coverage for at least 8.5 years after they return to work (including a 9-month trial work period that would occur before they exit the DI rolls because of work). The act also allows DI beneficiaries who have undergone medical screening and secured a Medigap policy—a commercial health insurance policy that provides benefits supplemental to Medicare—to suspend the premiums and benefits of the Medigap policy if they have employer-sponsored coverage. During the extended period of eligibility, workers are able to

take advantage of employer-sponsored benefits, an important incentive to work. They may reinstate their Medigap policy without a penalty if their employment attempts fail and they request reinstatement within 90 days of being terminated from the employer's plan. This provision is potentially significant because it will not require re-application or pose a risk that the applicant might be unable to pass the medical screening.

The Ticket Act also sought to expand Medicaid coverage to beneficiaries leaving the rolls, which is particularly important for SSI beneficiaries, almost all of whom are eligible for Medicaid. In particular, the Ticket Act made it easier for states to create a Medicaid Buy-In program that would allow disabled workers to purchase Medicaid coverage on a sliding-fee basis. One of the most noteworthy changes is that states can now continue to offer the Medicaid Buy-In to workers with disabilities even if they are no longer eligible for SSI because of medical improvement (although no states have fully implemented such a provision at this time). As of August 2003, 28 states have opted to establish Medicaid Buy-In programs, and many more are in the process of establishing such programs (Ireys, White, and Thornton 2003).

Section 203 of the Ticket Act established grants to states, called Medicaid Infrastructure Grants, to assist them in developing Medicaid Buy-In programs and to support other state activities that promote employment among people with disabilities. The grants are administered by the Centers for Medicare and Medicaid Services (CMS). If states are to qualify for such grants, their Medicaid programs must cover (or must be in the process of establishing coverage for) personal assistance services capable of supporting full-time competitive employment, which reflects the Ticket Act's intent to provide support that promotes employment of people with disabilities. Because Medicaid programs have typically not been connected with employment issues, CMS is encouraging grantees to take a broad look at the programs and policies that affect the employment of people with disabilities in their states as well as the potential for interagency collaboration in developing and implementing Medicaid Buy-In programs. These infrastructure grants, awarded to 37 states as of August 2003, offer substantial administrative support for state programs, from \$500,000 to \$1.5 million per year.

Section 204 of the Ticket Act provides funding for states to conduct the CMS-administered Demonstrations to Maintain Independence and Employment. These demonstrations allow states to experiment with programs that provide Medicaid coverage to workers with significant impairments that, without medical assistance, will result in an inability to work. These programs attempt to intervene early with medical coverage for appropriate treatments and disease management so that individuals can maintain employment and independence. Although Congress appropriated \$250 million for this initiative, only a few, small efforts have thus far been launched. As of August 2003, funding for four demonstrations has been awarded: Mississippi and the District of Columbia received funds to serve persons with HIV/AIDS; Rhode Island was funded to serve persons with multiple sclerosis; and Texas received funds to serve people with schizophrenia, bipolar disorder, and major depression. As of October 2003, only Mississippi and the District of Columbia had implemented their demonstrations.

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**SSA Demonstrations.** SSA plans to implement several demonstration programs to change employment options and the incentives for disability beneficiaries. One of these is known as the \$1 for \$2, or DI Benefit Offset Demonstration. Section 234 of the Ticket Act authorizes SSA to conduct demonstrations to evaluate the impact of altering the DI program so that benefits are reduced by \$1 for each \$2 of the beneficiary's earnings above a set level, rather than benefits ceasing entirely once earnings exceed the SGA and the trial work period has been completed. The Office of Policy (2001) released a draft implementation plan for the demonstration projects in 2001, and in August 2002, the Ticket to Work and Work Incentives Advisory Panel (2002) released an advice report to the commissioner of SSA regarding the statutory requirements and design issues related to the demonstrations. In September 2003, SSA published a Request for Information seeking comments from firms that might potentially implement the demonstration. Responses to this request were due to SSA by October 15, 2003.

A second demonstration planned by SSA is the Early Intervention Demonstration Project. Authorized by Section 301 of the Ticket Act, this demonstration will evaluate whether providing return-to-work services to DI applicants before they are awarded benefits increases the rate of return to work, thus offsetting the cost of service provision with the money saved were these applicants to return to work rather than receive DI benefits. The demonstration will provide applicants with a one-year cash stipend and three years of Medicare benefits as well as access to employment supports and services. Three models of intervention will be tested in New Mexico, Vermont, and Wisconsin, respectively, with approximately 100 enrollees each. The demonstration is expected to begin in late spring or early summer 2004.<sup>9</sup>

A third SSA demonstration is the Youth Transition Process Demonstration. In late September 2003, SSA funded seven cooperative agreements for demonstration projects intended to improve employment outcomes for youth with disabilities. The purpose of the projects is to design, implement, and evaluate approaches to improving the transition from school to work for youth ages 14 to 25 who receive SSI, DI, or Childhood Disability Benefits. Projects may also serve youth at risk of receiving such benefits, including those with a progressive condition or a prognosis for decreased functioning and those who may become eligible for benefits at age 18, when deemed parental income no longer applies. The projects are implementing a variety of strategies intended to increase coordination between various federal and state service, support, and benefit programs (including secondary and postsecondary education programs) in order to effectively prepare and support youth with disabilities to achieve maximum economic self-sufficiency through employment. Cooperative agreements have been awarded to California, Colorado, Iowa, Maryland, Mississippi, and New York (two projects).

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<sup>9</sup>Additional information on the Early Intervention program can be found at [www.disabilityresearch.rutgers.edu](http://www.disabilityresearch.rutgers.edu).

All of these SSA demonstrations have the potential to interact with the TTW program, although final regulations about how they will interact have not yet been developed.

### **b. Initiatives Addressing Beneficiary Knowledge**

**Area Work Incentive Coordinators and Work Incentive Liaisons.** Section 121 of the Ticket Act required SSA to “establish a corps of trained, accessible and responsive work incentives specialists” to assist disability beneficiaries who want to start or continue working. In response to this mandate, SSA ran a pilot program from July 2000 through September 2001, which involved 32 employment support representatives serving 54 sites (in SSA field offices) across the country. Employment support representatives received six weeks of intensive training on SSA work incentive provisions and related issues. In addition to informing beneficiaries about work incentives, employment support representatives conduct outreach and provide information to the general disability community. SSA evaluated the pilot in November 2001 and considered it in determining how best to provide information and services to beneficiaries who want to work, given the resources available. The result was the plan to implement Area Work Incentive Coordinators and Work Incentive Liaisons program.

As discussed in the next chapter, SSA adopted a plan to hire 57 Area Work Incentive Coordinators, which has already been expanded to 58 and can be increased to 70, as the need arises. These full-time staff will provide expertise on Ticket-related and other work incentives for every 20 to 30 field offices. Additionally, each field office will designate an existing staff person as a work incentive liaison. The area work incentive coordinators were selected and, after successfully completing their training, finished training the work incentives liaisons by September 30, 2003. The liaisons will be delegated work-incentive responsibilities in addition to their existing duties; field office managers will guide the liaisons to prioritize work incentive and other assignments.

**Benefits Planning, Assistance, and Outreach.** The purpose of the Benefits Planning, Assistance, and Outreach (BPAO) initiative is to provide SSA disability beneficiaries with accurate and timely information about SSA work incentives and other federal efforts to remove regulatory and programmatic barriers to employment for persons with disabilities. Authorized by Section 121 of the Ticket Act, 116 BPAO programs provide services to SSA beneficiaries in all 50 states, the District of Columbia, and five territories. Through the end of August 2003, the programs collectively employed over 400 benefits specialists and have served over 77,000 individuals since implementation in late 2000. BPAOs are not affiliated with SSA offices. Benefits specialists work with individual beneficiaries to explain the myriad of regulations, provisions, work incentives, and special programs that may affect an individual’s decision to enter or re-enter the workforce. The specialists do not tell beneficiaries what to do or make specific recommendations; they allow beneficiaries to make their own informed decisions based on complete and accurate information. In addition, they support individuals who choose to enter employment by helping them comply with all relevant regulations and reporting procedures.

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**Protection and Advocacy.** The SSA-funded Protection and Advocacy for Beneficiaries of Social Security (PABSS) program is in its third year of operation. This program, authorized by Section 122 of the Ticket Act, is being administered by the 57 existing Protection and Advocacy systems (P&As).<sup>10</sup> PABSS staff members attend the same training as BPAO staff, and nonprogrammatic technical assistance is provided to them through an SSA contract with the National Association of Protection and Advocacy Systems. PABSS staff members also receive training and technical assistance on Social Security programmatic issues through either one of three university-based regional training centers. PABSS projects assist beneficiaries with legal issues, employment issues, the IWP development process, and disputes with ENs and other agencies. They also provide referrals and information about vocational rehabilitation, employment services, and SSA's work incentives.

Initially, PABSS programs were not allowed to represent beneficiaries in overpayment cases with SSA. However, SSA amended the PABSS grant terms and conditions in June 2003 to allow them to do this. PABSS staff may now accompany beneficiaries to SSA offices to provide assistance in matters involving appeals of work-related program decisions and overpayments caused by work and earnings.

**Department of Labor Disability Program Navigators.** The Disability Program Navigators initiative is one of several joint initiatives recently announced by SSA and the Department of Labor (DoL) to assist people with disabilities who want to work. This initiative creates a new position, called a "navigator," within One-Stop Career Centers. Navigators link people with disabilities to employers as well as BPAOs and similar types of organizations. In addition, navigators provide information about SSA work incentives, the TTW program, and ENs. SSA and DoL are providing funding in a number of pilot states to test the navigator program. The results of the pilot test will inform a future decision about expanding the program nationwide. The grants have been awarded, and training for the navigators began in November 2003.

### **c. Initiatives Addressing Employer Knowledge or Attitudes**

**Ticket to Hire.** The Ticket to Hire program is a joint initiative of SSA and DoL intended to help employers locate and recruit skilled employment candidates with disabilities from the TTW program. It operates as a specialized unit of a larger DoL program called Employer Assistance Referral Network (EARN). Ticket to Hire is actively working with employers in every Phase 1 and Phase 2 state. Employers in Phase 3 states are becoming involved through EARN until TTW is rolled out in their state. Many SVRAs and ENs are collaborating with Ticket to Hire to better serve their participants.

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<sup>10</sup>There is one P&A in each of the 50 states and the District of Columbia, and there are others in various territories and one designed to serve American Indians.

Ticket to Hire functions as an intermediary between employers and ENs. Employers can contact Ticket to Hire to provide information on job vacancies. Ticket to Hire shares the job vacancy information with appropriate ENs in the employers' areas. To preserve employer anonymity, Ticket to Hire passes the EN contact information onto the employer. The employer contacts the EN to follow up with the candidates it is interested in interviewing.

The program's main functions are to provide information and promote job matching. It offers employers information and resources on disability employment issues including, reasonable accommodation issues and tax incentives for employing individuals with disabilities. The program also seeks to help participating employers reduce both the time and cost of recruiting qualified job candidates as well as the amount of time ENs must devote to job development.

## CHAPTER III

### TTW EARLY IMPLEMENTATION

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The Ticket to Work program is now a reality. SSA has developed all the required systems and the program has been fully rolled out in 33 states and the District of Columbia. It will be rolled out in the remaining states and the U.S. territories starting in November 2003. As of September 2003 SSA had mailed over five million Tickets, and more than 2,600 Tickets were in assignment. Most assignments were to state VR agencies (SVRAs) under the traditional payment system (84 percent), and many of these assignments are from beneficiaries who were existing SVRA clients prior to TTW. Remaining assignments were to about 250 of the almost 800 participating Phase 1 and Phase 2 ENs or, in a small share of cases, to SVRAs acting as ENs, predominantly under the milestone-outcome payment system (13.1 percent of all assignments, versus 3.4 percent for outcome only). As of early August 2003, 70 ENs and SVRAs acting as ENs have received payments under the two new payments systems totaling about \$220,000, on behalf of 240 beneficiaries.

In this chapter, we describe and discuss the early experience of the Ticket rollout. The discussion is based on:

- Site visits and interviews conducted between July and November of 2002 with SSA staff, the Program Manager, ENs, and SVRAs in Phase 1 states (previously reported in Livermore et al. 2003)
- Site visits to SSA conducted in August and September 2003
- The findings from an EN Summit, convened by SSA's Ticket to Work and Work Incentive Advisory Panel in May 2003, as summarized in Livermore (2003)
- Analysis of the SSA Office of Information Management (OIM) Ticket Universe file
- Ticket payment data provided by SSA's Office of Employment Support Programs
- EN and Ticket assignment data reported by the Program Manager

The qualitative process information available for this report provides a good indication of overall activities, but is not fully representative of all recent experience. A more detailed

assessment will be made in 2004 when we have completed the full round of EN and SVRA site visits, including interviews with providers in Phase 2 states. The quantitative information, in contrast, is more current and covers all TTW Phase 1 and Phase 2 states.

This section focuses on the operational developments SSA has made during the past 12 months. The early experience of creating the TTW rules and procedures and the initial rollout in the Phase 1 states was covered in the preliminary process analysis (Livermore et al. 2003). Using that report as background, we focus on the issues that remain in flux, particularly the system for making Ticket payments and the improvements SSA continues to make in the administrative data systems required to manage the program. Overall, it is clear that SSA has made great progress in developing a system that diverges dramatically from past agency practice. TTW has required SSA to develop new systems to integrate information from the SSI and DI programs on a scale never before attempted. In doing so, SSA has not only made the TTW program fully operational (although some rough edges remain), but it has also begun to produce a new way of seeing things at SSA that could have long-term effects on the way the agency deals with its disability beneficiaries.

In reviewing the rollout experience, we begin with the schedule. We then turn to the early experience with the TTW operational systems from the perspectives of SSA, the Program Manager, the SVRAs, and ENs. We also present monthly participation statistics for the Phase 1 and 2 states. Statistics on participant characteristics appear in Chapter IV.

## **A. ROLLOUT SCHEDULE**

The Ticket Act was passed and became P.L. 106-170 on December 19, 1999. Throughout 2000 and 2001, SSA prepared to implement the program (Table III.1) in phases. Phase 1 was implemented in 13 states beginning in February 2002, and Phase 2 in another 20 states plus the District of Columbia beginning in November 2002 (Table III.2). Phase 3 of the program will be implemented in the remaining 17 states and the U.S. territories beginning in November 2003. TTW was initially to be rolled out in early 2001, but the actual rollout was substantially delayed because the final program rules were delayed in publishing. Tickets were released gradually in the Phase 1 states. Based on the terminal digit of the eligible beneficiaries' Social Security numbers, Tickets were mailed to eligible beneficiaries according to the following schedule:

- February 2002            10% of eligible beneficiaries
- April 2002                20% of eligible beneficiaries
- May 2002                 30% of eligible beneficiaries
- June 2002                40% of eligible beneficiaries

**Table III.1: TTW Implementation Milestones Leading up to the Phase 1 Ticket Release**

<b>Time Period</b>	<b>Implementation Activity or Milestone</b>
December 17, 1999	Ticket Act enacted, establishing the Ticket to Work Program
<b>2000</b>	
Throughout year	SSA Office of Employment Support Programs (OESP) begins to develop principal policies and rules in consultation with SSA deputy commissioners
August to December	Draft Notice of Proposed Rule Making (NPRM) negotiated with the Office of Management and Budget
September 29	The Program Manager contract was signed with MAXIMUS, Inc.
November 13	Selection of 13 Phase 1 states announced
December 28	NPRM published, starting the 60-day public comment period
<b>2001</b>	
Throughout year	Recommendations for resolving major issues raised by public comments on the NPRM were considered by deputy commissioners
February 26	NPRM public comment period ended. SSA received public comments from over 400 interested parties, including federal, state, and local agencies; employers; organizations and advocates for people with disabilities; rehabilitation service providers; disability beneficiaries; and others
April 13	Requests for proposals on EN contracts were published
October to December	Draft final Ticket to Work regulations negotiated with OMB
December 28	Final Ticket to Work regulations published
<b>2002</b>	
February	Selection of 2 and 3 states announced
February 5	Tickets were released to eligible beneficiaries in the Phase 1 states

SOURCE: Livermore et al. (2003).

**Table III.2: States and Territories Included in Each Phase of TTW Implementation**

<b>Phase 1: 13 States, Implemented February 2002</b>		
Arizona	Iowa	Oregon
Colorado	Massachusetts	South Carolina
Delaware	New York	Vermont
Florida	Oklahoma	Wisconsin
Illinois		
<b>Phase 2: 20 States + the District of Columbia, Implemented November 2002</b>		
Alaska	Kentucky	New Hampshire
Arkansas	Louisiana	New Jersey
Connecticut	Michigan	New Mexico
District of Columbia	Mississippi	North Dakota
Georgia	Missouri	South Dakota
Indiana	Montana	Tennessee
Kansas	Nevada	Virginia
<b>Phase 3: 17 States + the U.S. Territories, to be Implemented November 2003</b>		
Alabama	Ohio	American Samoa
California	Pennsylvania	Guam
Hawaii	Rhode Island	Northern Mariana Islands
Idaho	Texas	Puerto Rico
Maine	Utah	Virgin Islands
Maryland	Washington	
Minnesota	West Virginia	
Nebraska	Wyoming	
North Carolina		

SOURCE: [www.ssa.gov/work/ticket\\_states\\_announcement.html](http://www.ssa.gov/work/ticket_states_announcement.html), accessed August 19, 2003.

The exception to the Phase 1 rollout schedule was the state of New York. Because of the events of September 11, 2001, Ticket mailings in New York were significantly delayed relative to those in other Phase 1 states. New York had only 20 percent of Tickets mailed as of the end of June 2002. Another 20 percent were mailed in July. The remaining 60 percent were mailed monthly in equal 20 percent increments through October 2002. Although Tickets were mailed incrementally, at any time after February 6, 2002, a Ticket-eligible beneficiary in a Phase 1 state could contact the Program Manager to request a Ticket, regardless of when his or her scheduled Ticket mailing date. This is referred to as “Ticket on Demand.” During the initial Ticket mailing period (through June 2002), approximately 6,500 beneficiaries received Tickets on demand.<sup>1</sup>

SSA implemented Phase 2 in a manner similar to Phase 1, except that Tickets were released more slowly over a longer period. In November 2002, 10 percent of Phase 2

<sup>1</sup>Program Manager Summary Ticket Roll Out Status Report #19, July 1, 2002.

Ticket-eligible beneficiaries were mailed Tickets. No Tickets were mailed in December 2002. Ticket mailings resumed again in January, with an additional 10 percent of Ticket-eligible beneficiaries being mailed their Tickets each month from January through September 2003. SSA made the rollout schedule for Phase 2 more gradual than that of Phase 1 because of problems encountered due to the high volume of Tickets being mailed during two of the Phase 1 implementation months. During the months of May and June 2002, when Ticket mailings represented 30 and 40 percent of eligible beneficiaries in the Phase 1 states, the Program Manager staff experienced a volume of calls from beneficiaries induced by the mailings that substantially exceeded its telephone capacity. Many ENs also experienced high call volumes to which they were incapable of responding. The more gradual mailing schedule used in Phase 2 appears to have solved these problems. SSA is scheduling Ticket mailings in Phase 3 using the same, more gradual schedule used in Phase 2.

## **B. IMPLEMENTATION FROM A SYSTEM PERSPECTIVE**

### **1. Social Security Administration**

#### **a. Implementation Challenges**

After the Ticket Act was signed into law in December 1999, SSA immediately began preparation for implementing the program. Staff of the Office of Employment Support Programs (OESP) coordinated the efforts to develop the rules and regulations, systems, and administrative processes that would govern TTW. A tremendous effort was required to establish the basic infrastructure needed to administer TTW because the eligibility and payment rules meant that TTW interacted with every component of the SSI and DI programs. SSA staff interviewed for this report noted several challenges associated with the initial Phase 1 implementation.

**Short Timeframe and Delayed Rollout.** The Program Manager had less than 18 months to develop systems, train staff, and recruit ENs before the first Tickets were released in February 2002. While SSA ultimately had nearly two and a half years to prepare for rollout, the required tasks involved building agreement among numerous stakeholders and making substantial enhancements to SSA systems.

The delayed rollout allowed SSA and the Program Manager more time to test systems and recruit ENs, but also created inefficiencies. Attempts SSA and Program Manager made to be ready for targeted start dates that were subsequently delayed with little advanced notice may have resulted in less than ideal approaches to implementation tasks and the necessity to spend the extra time fixing and patching those approaches as the system that evolved. Specifically, having a one-year deadline followed by 18 months of extensions is not the same as having, with certainty, two and one-half years up front to plan and develop the systems and procedures. For example, an early decision was made to use SSA's existing Continuing Disability Review Control File (CDRCF) as the central piece of software for administering TTW. But it proved difficult to modify this software to deal with all the issues surrounding TTW payments, which turned out to be considerably more complex than expected. SSA staff members that we interviewed believe, in retrospect, that given all the time that was

ultimately available because of the delays, it would have been preferable to build the TTW system from the ground up instead of attempting to modify the existing systems.

**Limited Resources to Implement Ticket Act Provisions.** In addition to the systems and procedures that needed to be developed to administer TTW, SSA has been attempting to integrate the various provisions of the Ticket Act including Medicare extensions, expedited reinstatement, Medicaid buy-ins, CDR protections, SSA's corps of work incentives specialists, and the Protection and Advocacy for Beneficiaries of Social Security (PABSS) and the Benefits Planning, Assistance and Outreach (BPAO) programs. This has required extensive outreach along with internal and external training, for which Ticket Act did not appropriate funds. Instead, funding for these activities has been allocated from SSA's administrative budget, which was already under considerable pressure as SSA dealt with rising numbers of disability claims and the government-wide cap on administrative expenses.

**Administrative and System Inadequacies.** The Ticket Act has generated a significant level of activity within SSA related to return-to-work initiatives. This, in turn, has highlighted significant inadequacies in SSA's enterprises surrounding return-to-work. According to SSA interviewees, the agency has needed to be brought up to speed to meet both internal and external expectations. Many of the inadequacies have undermined SSA's ability to implement TTW and have had to be addressed. Our SSA interviewees believe that the Ticket Act has served as a catalyst to address return-to-work issues that have, in the words of one interviewee, "lain dormant within SSA for decades." These are predominantly systems issues related to administering CDRs, work and earnings documentation, and determining when benefits become zero for TTW payment purposes. Differences in DI and SSI program rules along with the lack of automation and coordination of functions between the two programs makes processing earnings information difficult and time consuming even for ongoing SSA activities. Many of the systems enhancements required to administer TTW will have the added benefit of improving the processing of beneficiary earnings information, whether or not the beneficiary participates in TTW.

In addition to administrative and systems issues identified with respect to general return-to-work, SSA staff note that TTW has all of the characteristics of an entitlement program in and of itself and cannot be viewed as a simple extension of the SSI and DI programs. SSA systems needed to be developed to accommodate these new eligibility rules and regulations. Some of the challenges faced by SSA in developing the administrative systems for TTW include:

- ***Continuing Disability Review (CDR) Administration.*** One implementation issue important to TTW administration is how to address CDR suspensions and resumptions; in particular, understanding and defining the initiation of a CDR, particularly within the context of other key TTW concepts such as "reassignment of the Ticket," "Ticket in use," and "restarting the initial 24-month period of active use."
- ***Collecting and Documenting Earnings Information.*** Collecting and accurately documenting earnings information is critical to the administration of

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TTW. In the past, SSA systems have not facilitated this activity and, historically, relatively few automated resources were devoted to disability work issue cases.<sup>2</sup>

- ***EN Payment System.*** Developing and administering the EN payment system has proven to be particularly challenging due to a number of complicating factors:
  - The outcome payment system presents a challenge because of the difficulty in determining the month when disability benefits equal zero. This is particularly difficult for DI beneficiaries, because of factors such as expedited reinstatement, provisional payments, the trial work period, and discrepancies between actual payments and what should have been paid (i.e., adjustments for past overpayments and underpayments). Retroactive payment adjustment entries are often made in the SSA administrative data files, changing payment history to reflect what it should have been, rather than what was actually paid, further complicating the process for determining Ticket payments. The payment system cannot handle over- and under-payments automatically; it must be done manually, so dealing with over- and under-payments will be problematic if there are a large number, as there might well be because of past delays in obtaining and posting accurate earnings documentation.
  - Milestone and outcome payments interact in that milestone payments cannot be made once the outcome payments have started (that is, once benefits equal zero). The payment system must address this interaction.
  - The interaction between DI and SSI payments for concurrent beneficiaries is a complicating factor. When DI benefits are stopped because of work or earnings, SSI benefits generally increase. SSA has had to develop an approach to integrate DI and SSI earnings and payment postings. This enhancement to the payment system was implemented as part of the Disability Control File in late November 2002.
  - The interaction between TTW and the traditional SVRA payment system must be recognized. SSA must be able to check for SVRA involvement prior to making TTW payments. If there have been requests for traditional reimbursement after a Ticket is assigned, then this precludes the Ticket payment. Conversely, a payment to an EN before a request for payment from VR will preclude payment to the VR.
  - Over time, individual beneficiaries may use multiple ENs, which means that Ticket payments may need to be split among multiple ENs.

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<sup>2</sup>SSA's new automated system, eWork, will automate the collection and documentation of earnings information and is scheduled to be piloted starting November 2003.

**b. Ongoing Implementation Activities**

SSA was able to establish the basic infrastructure necessary to implement TTW when the first round of Tickets began to roll out in February 2002, and the agency has continued to develop and refine administrative processes to address inadequacies of the initial systems and procedures.

**Rules and Regulations.** In December 2001, SSA released implementing regulations to govern TTW, and throughout 2002, drafted regulations to clarify implementation issues related to TTW, including regulations to provide for expedited reinstatement of benefits for disabled workers, disabled adult children, and disabled widows/widowers. SSA also developed regulations to: protect beneficiaries who participate in a vocational plan with an EN or SVRA from payment cessation, end SSA's requirement to refer new beneficiaries to the SVRA, and protect against using TTW work activity to determine disability in the CDR process. SSA is in the process of reviewing Ticket regulations on Ticket eligibility for individuals in the Medical Improvement Expected (MIE) category and beneficiaries between 16 and 18 years old. Development of revised regulations will be a significant SSA activity during 2004, with a number of Notices of Proposed Rule Making expected throughout the year.

**Certification Payment Request Process.** In response to EN concerns about the burden of tracking earnings and the monthly submission of earnings documentation for payment, SSA and the Program Manager have implemented the Certification Payment Request Process. This process is a simplified outcome payment request option available to ENs and to SVRAs that elect to be paid as ENs. These service providers can qualify if the following criteria are met:

- If the EN or SVRA has selected the *outcome-only* payment method, it can use the Certification Payment Request Process after the ticket holder has achieved three continuous outcome months for which the EN has received payment.
- If the EN or SVRA has selected the *milestone-outcome* payment method, it can use the Certification Payment Request Process after the ticket holder has achieved milestones and the EN has been paid for the milestones, based on three continuous months of substantial gainful activity followed immediately by the ticket holder meeting the requirements for an outcome month.

Where these criteria are met, an EN, or SVRA electing an EN payment method, may choose to request payment either by including evidence of earnings or by the Certification Payment Request Process.

To use the Certification Payment Request Process, the EN prepares a request for payment on business stationery and sends it to the Program Manager. The request must include seven pieces of information, including a statement agreeing to relinquish EN outcome payments incorrectly issued; it does not, however, require earnings documentation. SSA will make payments based on the Certification Payment Request provided no

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information in SSA's records contradicts the request. SSA will conduct post-payment validation reviews to verify work or earnings.

**Mediation and Alternate Dispute Resolution Services Pilot.** A mediation pilot program was recently implemented in three Phase 1 Ticket states—Arizona, Florida, and Illinois. SSA awarded the contract on September 30, 2002 to Peninsula Mediation Center of Hampton, VA. Mediation/alternate dispute resolution services seek to negotiate disputes between beneficiaries and ENs in a way that is cost-effective, efficient, and non-adversarial. The mediation process strives to maintain the relationship between the beneficiary and EN after Ticket assignment, but also aims to sustain each party's individual participation in TTW. The current TTW dispute resolution process has three rounds of appeal for beneficiaries and ENs: (1) an internal grievance procedure defined by the EN; (2) resolution by the Ticket Program Manager; and (3) a final decision by SSA. The mediation process may be implemented prior to resolution by the Program Manager if mutually agreed to by the disputing parties. The Program Manager will then contact the mediation pilot contractor, who provides free assistance to the EN and beneficiary in identifying the issues underlying the dispute and finding a mutual solution within 30 days. The mediation services are offered by the Program Manager, who serves as the liaison between the disputing parties and the mediation contractor. If mediation is not successful, the dispute proceeds to the Program Manager. SSA interviewees note that to date, there have not been any formal disputes between beneficiaries and ENs. Interviewees also note that to date, no disputes have arisen between ENs.

**TTW Marketing Efforts.** SSA is in the process of developing new materials and conducting activities to market TTW to beneficiaries. Examples of marketing techniques and strategies currently in development include: a video of beneficiary success stories that contains interviews with several Ticket beneficiaries who have successfully participated in the program; and working with ENs and advocates in local areas to bring beneficiaries together to learn about TTW. SSA also awarded a two-year Strategic Marketing Plan Contract to Fleishman-Hillard on September 30, 2003. This professional marketing firm will develop a strategic marketing plan and create marketing materials to support TTW and other employment support programs. Fleishman-Hillard will also pilot the marketing materials. Target audiences include DI and SSI beneficiaries, service providers, and employers.

**Area Work Incentive Coordinators and Work Incentive Liaisons.** During 2001, SSA conducted a pilot project that placed 32 Employment Service Representatives who specialized in SSI and DI work incentives in local field offices. An internal SSA report prepared in November 2001 reviewed the pilot and recommended that the Employment Support Representative be established as a permanent position with the broadest possible distribution nationwide. Due to cost and staffing considerations, however, SSA could not implement those positions on a national basis. As an alternative, SSA adopted a plan to hire 57 staff who will work full-time as Area Work Incentive Coordinators (AWICS). This has already been expanded to 58 AWICs and can be expanded up to 70, as the need arises. Each coordinator will provide expertise on Ticket-related and other work incentives to 20 to 30 SSA field offices. Additionally, each field office will designate an existing staff person as a Work Incentives Liaison. The Area Work Incentive Coordinators were selected and after

successfully completing their training, finished presenting training to the Work Incentives Liaisons by September 30, 2003. The Work Incentives Liaisons will continue to be delegated work incentive responsibilities in addition to their existing duties, allowing office managers to better control the priority of work incentives assignments.

**The Disability Control File (DCF).**<sup>3</sup> SSA had to develop a number of enhancements to its systems in order to accommodate TTW. The development has occurred, and will continue to occur in stages. The CDR Control File (CDRCF) was originally created to control all SSI medical CDRs; limited DI medical CDRs were later included. Initially, Ticket information and controls were added to the existing file. The Disability Control File (DCF) was later created from the CDRCF to house all disability information that was needed to manage work CDRs (that is CDRs initiated because a beneficiary has returned to work), medical CDRs (regularly scheduled reviews of a beneficiary's conditions to ensure that they continue to meet the disability criteria) and the Ticket program. Activities controlled in the CDRCF were converted into the DCF and the DCF became the file for managing disability post-entitlement activity. The DCF holds relevant information about Ticket eligibility and information to administer the TTW. It also contains other post-entitlement disability information for SSI and DI beneficiaries, medical information, monthly earnings, and work CDR information. An important feature of the DCF is that it will act as the single repository for earnings information for both the SSI and DI programs. This level of SSI/DI data integration is a first at SSA.

Recently, SSA has developed the Modernized Return to Work (MRTW) software to collect and process information about DI beneficiary work and earnings. MRTW was developed by staff at the Chicago regional office, in collaboration with Wisconsin-based SSA staff, as a means to improve the accuracy and reduce the burden and complexity of work CDRs. The software automates the generation of forms verifying monthly earnings that are mailed to beneficiaries and employers. The software totals earnings if a beneficiary has multiple employers, computes gross earnings, and applies the appropriate indexed value for substantial gainful activity and any special conditions to derive total countable earnings per month and year. This amount is entered into a desktop application, called the Personal Computer Continuing Disability Review (PC-CDR), which calculates the trial work period, substantial gainful activity, and Extended Period of Eligibility months and generates notices for field personnel. The MRTW information can be fed into PC-CDR to complete the work CDR process. Currently, MRTW and PC-CDR are not integrated with the national DCF system, which means that field staff must re-enter earnings data into each system and that data maintained in MRTW are only available to the local field office using the software. Under an initiative referred to as eWork, SSA is in the process of combining the MRTW and PC-CDR. This new software will be an integrated DI "front end" management tool to the DCF. This front end will have considerably more detail and functionality than the DCF to help field offices process work reports; (e.g., employer information, earnings tracking, trail

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<sup>3</sup>As we were finishing this report, SSA re-named this file as the Integrated Disability Management System.

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work period automation and tracking). The DCF will remain the repository of work information that affects Ticket status and disability benefit eligibility (data on work and medical CDRs, Tickets, earnings, and use of work incentives such as the trail work period). SSA expects to begin releasing eWork as a national system in spring 2004.

**Higher Priority of Post-Entitlement Workloads.** TTW has raised the importance of processing post-entitlement disability workloads. With a few exceptions, SSA has not historically placed a high priority on the processing of this workload.<sup>4</sup> This is particularly the case for post-entitlement work-related issues in the DI program. The implementation of the Area Work Incentive Coordinators and Work Incentive Liaisons and the development of MRTW/eWork will greatly facilitate the processing of this workload in the future. According to field staff, SSA leadership is also sending the message that this is now a priority workload. In addition to the tools and extra training on work incentive issues that SSA has been developing and providing to field staff since implementation of TTW, SSA is in the process of developing a performance evaluation system that will give a higher weight to post-entitlement work. The new system is expected to be implemented in FY 2005.

### **c. Impact of TTW on SSA Regional and Field Office Operations**

The bulk of the effort to develop and implement TTW fell on SSA central office staff and the Program Manager. SSA believed that the impact of TTW on field office operations would be minimal, and to date this has proven to be the case. Regional and field office interviewees indicate that field office workloads have not been significantly affected by TTW, and the need to respond to TTW-related inquiries has not been overwhelming.

Regional office interviewees note that, early on, they were asked to review and comment on the TTW rules and procedures developed by the central office. Their role in implementing TTW, however, has been mainly to build TTW awareness, understanding, and acceptance. Regional office staff use information provided by the central office obtained through conference calls, policy material, interactive video training, and information packets to educate field staff and external stakeholders. Regional offices have sponsored informational forums for representatives of Disability Determination Services, Medicare, Medicaid, and other advocate, service, and support agencies working with disability program beneficiaries. Regional offices have also assisted the Program Manager in conducting EN recruitment activities. The scope and frequency of these activities are limited by regional office budgets, which have not been expanded specifically to cover TTW implementation activities.

Once initial TTW phase-in activities in a state are completed, regional office involvement in TTW outreach and dissemination activities becomes more limited. The regional office continues to act as a resource for TTW-related information, technical

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<sup>4</sup>In recent years, SSA has made the processing of medical CDRs and SSI redeterminations high priority.

assistance to field offices and external entities serving beneficiaries in the region, and acts as the communication link between central office and the field. Regional offices have also played a role in monitoring field processing of EN payment cases. In addition, central office staff will sometimes contact the regional office to inquire about the status of the processing of earnings issues for a particular EN payment case. With the implementation of the Area Work Incentive Coordinator position, SSA expects that regional office staff will become less involved in these activities. One of the roles of the coordinators will be to monitor the processing of disability work issue workloads in the field, both for EN payment and general workload processing purposes.

Field office interviewees note that the SSA central office has placed a high priority on preparing field staff for TTW. A series of 40 interactive video training programs were broadcast to field offices on work incentive provisions. One field office manager interviewed notes that in his 20 years with SSA, he has never before seen as much training and emphasis on work incentive issues. Nevertheless, the emphasis on the training did vary from office to office, and some staff did not attend the training.

In addition to the training on TTW and work incentives, field office staff have been affected by the implementation of the DCF. According to regional and field office interviewees, field staff encountered difficulties with the system when it was first implemented. Some found the interactive video training on the DCF confusing and overly detailed. Others were frustrated by the system's limitations and the need to duplicate some data entry because of the lack of integration with MRTW. Many of the problems field staff experienced with the DCF are being addressed by the eWork initiative and other enhancements being developed. Field office staff believe that the upcoming release of the integrated system will significantly reduce the burden and complexity of work CDRs and contribute to the timely processing of this workload.

At present, field office staff report that they are spending their TTW-related time gathering and documenting earnings information. Although there have been relatively few EN payment claims to date at any particular field office, the ones that have been received are often complicated and require extensive effort to address. In some offices, requests are being received from BPAOs and ENs for wage and benefit information that can be used in benefits counseling. Early in Phase 1, such requests were most notable in offices that had an Employment Support Representative.

## **2. Program Manager**

### **a. Implementation Challenges**

MAXIMUS signed a contract with SSA on September 29, 2000, and began operating as the Ticket Program Manager. As with SSA, the Program Manager had to expend a large effort to establish the infrastructure needed to administer TTW. Program Manager interviewees note several challenges associated with the initial implementation.

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**Systems and Infrastructure.** The Program Manager had about 18 months to develop and implement all the systems and procedures needed to perform its required TTW functions. During this period, the Program Manager established:

- The internal systems to administer TTW, referred to as MAXSTAR. The system includes the local area network, quality assurance systems, telephone/PBX systems, programming and data analysis for MAXSTAR, and website development and maintenance. The MAXIMUS Program Manager is completely segregated from the rest of the company, with its own server dedicated to MAXSTAR and housed off-site. System back up and duplication is located at a third, redundant site on the west coast. The Program Manager developed several databases for TTW, including a contact database, an EN database, a payment database, and a beneficiary database.
- An interface with SSA that allows the Program Manager to have essentially the same data access authority as an SSA field office, with its own field office code and SSA hardware. In conjunction with SSA, a batch-file system was tailor-made to include all the SSA administrative data elements that the Program Manager needs to administer TTW. SSA provides daily updates to the main records for the DI and SSI programs, including changes to addresses, program eligibility, benefits, and TTW eligibility. The file includes only individuals eligible for a Ticket, and does not allow the Program Manager access to CDR diaries. The Program Manager passes information back to SSA as well, including data on: Tickets mailed, Tickets assigned, active/inactive status, and terminated Tickets. This system has provided efficient data exchanges between the Program Manager and SSA, while maintaining necessary levels of security and information privacy.
- A TTW training curriculum for ENs and SVRAs, consisting of 14 topical modules. The Program Manager also conducts large group trainings when EN groups come together as well as EN web training sessions.
- A call center staffed by approximately 50 information agents, five supervisors, and one manager. The call center operates from 8:00 a.m. to 10:00 p.m. (Eastern Standard Time) to answer calls from potential ENs, the general public, the media, SVRA staff, and beneficiaries. The call center has handled approximately 157,000 TTW-related calls as of early August 2003. This department also handles EN relations after a provider's EN application has been approved. For EN contacts, specific information agents are assigned to geographic areas and to SVRAs. Beneficiaries contacting the call center, however, are routed to the first available information agent, who can pull up records for any previous calls from the beneficiary. Agents will give their names and extensions to beneficiaries if follow-up contact is desired.
- A website ([www.yourtickettowork.com](http://www.yourtickettowork.com)) that contains extensive information about TTW for ENs, SVRAs, beneficiaries, and the general public. The website contains training and information resources for ENs, and program information, including a directory of ENs, for beneficiaries.

In addition to establishing the internal TTW systems, a major activity of the Program Manager was to conduct EN recruitment for Phase 1. Between April 2001, when the request for proposals for ENs was released, and the end of Phase 1, approximately 350 ENs had been enrolled. Phase 2 recruitment began in February 2002.

Program Manager staff reports that EN recruitment has been an enormous effort. Enrolling the first 240 ENs as of January 2002, required approximately 37,000 mailings, 14,000 phone calls, and 7,500 in-person contacts.

Program Manager interviewees note that while the delayed rollout allowed more time to test systems and recruit ENs, it also created staffing issues. Program Manager staff, particularly the call center agents, required re-training because they forgot what they had learned while they waited for TTW to roll out. It was also difficult to keep Program Manager staff fully occupied during the period before Tickets were mailed. The multiple "false starts" (delays to Ticket rollout and the request for EN proposals) also delayed marketing efforts. Furthermore, the events of September 11, 2001, caused all September, October and November EN marketing campaigns and other processing activities to be delayed until December 2001.

**EN Recruitment.** According to both SSA and Program Manager interviewees, a primary implementation challenge has been EN recruitment. A survey conducted for SSA by the Gallup Organization in 1999 revealed a high level of interest in TTW on the part of traditional providers. However, the stated interest of providers did not result in significant numbers of applicants, once the request for proposals was released. The TTW payment system was a big issue. Initially, Program Manager staff expected that once the final payment system was established and the fourth milestone payment added, more ENs would enroll, but these expectations were not entirely met. At the beginning of 2002, 200 ENs were enrolled to serve Phase 1 states. As of late October 2002, the number was near 400. Program Manager interviewees had anticipated a response in the range of 500-800 by late 2002.

Program Manager staff reports several factors that have contributed to the difficulty in recruiting ENs:

- Delays in publishing the final rules and in issuing the request for EN proposals created uncertainty about the program among providers.
- There is little public awareness about TTW and little published information available for reference. Thus, the Program Manager has spent substantial time educating providers about the program's features, the benefits of participation, and the details of enrollment.
- SSA did not anticipate that most providers would be engaged in contract work for SVRAs, rather than being set up to function more independently. According to the Program Manager staff, providers have relied on VR for their funding and are not experienced operating as independent businesses. Many smaller potential ENs are also inexperienced with an outcome reimbursement system and have

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asked the Program Manager for a business model. Program Manager staff believe that it will take time before expertise is gained and/or consultants become available to advise small enterprises on how they might be successful under TTW.

- Providers perceive the payment system as risky. Providers are wary of not having start-up money to fund services, noting that many beneficiaries they choose to serve might be unsuccessful in their attempts to return to work. Providers are also concerned about the administrative difficulties of tracking earnings in order to receive payment.
- Extreme variations in the state political landscapes (e.g., presence of a Medicaid Buy-In, VR posture, presence of TTW committees, coalition activity) have also presented a challenge to Program Manager marketing, along with the fact that different organizations involved in the program have competing priorities. Each state represents a new and different environment.
- Marketing activities are easily influenced by the health of the existing economy and labor market. For example, the Program Manager began conducting a new outreach strategy to recruit ENs from the business community in March 2001, but after September 11, interest in the program waned due to the economic downturn.

Another Program Manager challenge in the Phase 1 implementation of TTW was devoting sufficient time and resources to help SVRAs solve issues related to the internal administrative changes and burdens associated with TTW so that they would help facilitate the program. SSA and Program Manager interviewees indicated that, early on, rumors abounded that SVRAs had “strong-armed” other community providers in ways that dissuaded them from participating as ENs. Program Manager staff noted that they had no direct evidence to substantiate those rumors, and that they have continuously worked closely with the Rehabilitation Services Administration and the Council of State Administrators of Vocational Rehabilitation to keep them apprised of the rumors. Program Manager staff noted, however, that many times “perception is reality” and that the perception that becoming an EN is an attack on the SVRA appears to be an issue. From the Program Manager’s perspective and role in EN recruitment, it is helpful when no such rumors exist in a state and when the perception is that the SVRA is either neutral towards or supportive of TTW.

**EN Payments.** Program Manager staff members responsible for EN claims reported some difficulty in conveying to EN staff the particulars regarding earnings evidence requirements, including the difference between primary and secondary evidence, and required elements of each. For example, some SVRAs have stated that they only have quarterly Unemployment Insurance data to submit. While such data provide secondary evidence of earnings, additional investigative development is required to verify earnings by

SSA, and this will substantially delay payment.<sup>5</sup> EN and SVRAs are encouraged by the Program Manager to meet the requirements for primary evidence because it will expedite the payment process (SSA wants primary evidence because it will be used to make decisions about an individual's continued eligibility for benefits; secondary evidence is acceptable when decisions only affect the benefit amount). With respect to primary earnings evidence, one issue that often must be addressed is the fact that pay stubs may not contain all of the information necessary for SSA to process the claim. The evidentiary requirements differ depending on the program in which the beneficiary is entitled (DI and/or SSI) and the type of payment claim. For DI, SSA requires information on the period in which the wages were *earned*. For SSI, SSA needs information on the date that the wages were *paid*. Also, for all milestone payments and for outcome payments after benefits terminate for work or earnings, SSA requires information about the date that the wages were earned. These subtle differences, and the fact that employer pay stubs do not always reflect both pieces of information, complicate the EN payment process even when ENs have been diligent about collecting the earnings information from beneficiaries.

Upon receipt of a payment claim, the Program Manager must inspect the claim (ensure that it complies with primary or secondary evidence of earnings requirements) and submit the information electronically to SSA. During the development of TTW, staff approximated Program Manager claim processing time at three and a half hours per claim. According to Program Manager staff, actual processing time early on was closer to eight hours per claim. At interviews in October 2002, Program Manager staff responsible for processing EN claims were hoping to reduce their processing time to about five hours by the following year. This will be achieved through better education of ENs regarding claim requirements and stabilization of the process at the SSA.

Program Manager staff note that the payment process was initially slow for several reasons:

- The first 100 payment claims underwent a full review by SSA. For these 100 payment requests, only SSA could authorize the payment. For future payment requests, the Program Manager will be able to authorize payment.
- The first claims submitted by an EN are generally difficult because of the EN's inexperience with the process and lack of knowledge of SSA's primary evidence requirements.

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<sup>5</sup>Some SVRAs acting as ENs complained that they wanted to continue using third-party reporting information to process earnings for Ticket clients. SVRAs were initially required to submit the same earnings documentation as other ENs. Later, SSA allowed SVRAs to submit third-party earnings information; e.g., from state Unemployment Insurance data, in lieu of pay stubs. However, if SSA must wait for primary evidence to become available via IRS, the delay in payment can be up to two years.

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- The first payment for each beneficiary is often difficult and time consuming because retroactive adjustments to a beneficiary's record may be necessary. The process becomes much easier after the first payment for a particular beneficiary.

In an attempt to alleviate problems and shorten the long delay for claims processing, the Program Manager is suggesting that ENs tell beneficiaries to contact their SSA field offices and submit the required employment information before the EN submits the first payment request. In order for SSA to adjust benefits in response to earnings information, beneficiaries must report their employment status and earnings to SSA. Reports of earnings to the EN do not replace the requirement that beneficiaries report earnings to SSA directly, so that beneficiaries must report earnings to both places. In October 2002, Program Manager staff were also developing a one-page EN training module on payments, which will be distributed to all ENs.

#### **b. Ongoing Implementation Activities**

**EN Recruitment.** EN recruitment continues to be a challenge for the Program Manager, which has added additional marketing staff and continues to conduct extensive recruitment activities nationwide. Program Manager staff members have conducted over 90 EN recruitment fairs and over 200 informational presentations to provider audiences since beginning operations in 2000. Program Manager interviewees note that they have aggressively marketed TTW to about 50,000 organizations. At the time of our interview in September 2003, the Program Manager had successfully recruited just over 1,000 providers to operate as ENs. While EN recruitment has always been difficult, Program Manager representatives note that it has become even more difficult as the program has rolled out and providers have gained experience with the program. Recruiting ENs for TTW continues to be a "hard sell" for several reasons. The two primary reasons are that the payment system is perceived as too risky and the program is seen as too complex. In addition, many service providers remain wary about jeopardizing their existing funding streams with TTW revenue. In particular, funding from state VR agencies and state Medicaid programs might be at risk. Finally, many service providers are experiencing difficulty finding jobs for their clients in the current economy. This, combined with the reasons noted above, makes participation in TTW unattractive.

The Program Manager has also found it necessary to devote substantial effort to retaining ENs. Since the beginning of the program, 38 providers have terminated their EN status. Some of these providers have gone out of business or merged with other organizations, but others are unwilling to continue participating as an EN. In some cases, the terminating ENs have been losing money by devoting resources to the program without experiencing an adequate return. In other cases, the ENs decided that they were not in a position to service TTW clients, and rather than remain in "on hold" status indefinitely, they preferred to withdraw. The Program Manager found it necessary to develop "on hold" status for ENs because many providers that had signed up to be ENs were not yet prepared to take Tickets, and others taking Tickets were at full capacity. On hold status allows providers to remain as ENs, however, their contact information is not provided to

beneficiaries. The Program Manager will periodically check in with the ENs on hold to determine whether they are willing and able to take Tickets.

**EN Training.** The Program Manager continues to update and enhance its training materials and formats. In addition to the training resources that have always been available to ENs (web downloads, web-based blackboard trainings, in-person trainings for larger groups) it has developed and made available to ENs a video DVD of the basics of TTW administration. The Program Manager has also recently developed the EN Capitalization Project to assist ENs in finding upfront sources of capital to serve clients under TTW. The nature of the EN payment system is prohibitive to smaller organizations that lack capital or diverse funding sources. By providing ENs and potential ENs with information on fostering additional funding sources through grant writing, foundations, private financial capital, and capitalizing on existing resources, SSA hopes to enable greater participation in the program by employment and support services providers. The Program Manager will organize the information into training modules, develop a directory of funding sources, and arrange to train ENs and potential ENs in eight sessions from October 2003 to February 2004.

Program Manager representatives we interviewed also noted the EN's ongoing need for technical assistance. While some of this can be provided and facilitated by the Program Manager, interviewees believed that technical assistance and the sharing of best practices needs to grow out of ENs interacting with and learning from each other. The Program Manager has noticed a few EN associations or similar organized efforts beginning to form and views this as a very positive development.

**EN Payments.** Program Manager interviewees note that many ENs are still experiencing difficulty with the payment process. The Program Manager often must work extensively, one-on-one, with ENs to help them understand what earnings evidence is needed for claims payment. The Program Manager does not deny payment claims that have insufficient documentation. Instead, staff will contact the EN and attempt to get the evidence required to process the claim. If the EN is working with the Program Manager to try to resolve the issues but is unable to, the Program Manager will submit the claim to SSA with the evidence available. SSA must then develop the earnings information and this can significantly delay the processing of the claim.

Program Manager staff report that, as of the end of August 2003, 1,424 payment requests have been submitted. Of these: 55 percent have been paid; 14 percent are under active development by the Program Manager; and 14 percent are under development by SSA. The remaining 17 percent are claims referred to as "technical denials." While the Program Manager does not have authority to deny claims, those considered "technical denials" are claims that clearly do not meet payment requirements and that have not been withdrawn by the EN. Examples include insufficiently documented claims indicating earnings far too low to trigger payment (e.g., \$100 per month), and claims that appear to be provider invoices for services delivered to Ticket holders.

**Systems.** Program Manager interviewees note that they continue to work with SSA to address problems with the systems used to administer the program. Some of the issues

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currently being addressed relate to Ticket eligibility. The system sometimes erroneously terminates Ticket eligibility when beneficiaries go into suspended status (i.e., when cash benefits go to zero due to work). Such terminations do not permit further TTW-related actions in the system, like EN payments or Ticket reassignments.

### **3. State VR Agencies<sup>6</sup>**

TTW implementation created many challenges for State Vocational Rehabilitation Agencies (SVRAs). During initial rollout in the Phase 1 states, SVRAs moved quickly to learn about the program, develop administrative procedures and modify data systems, train staff, and change the way they interacted with Ticket-holder clients on their caseloads and applying for SVRA services. In this section, we review the extent to which SVRAs are serving Ticket holders, both under the traditional SSA VR payment system and the new payment options. In addition, we discuss issues related to SSA guidance to SVRAs on program implementation, describe common TTW implementation strategies across multiple states, and summarize concerns related to the development of VR-EN collaborative agreements.

#### **a. SVRA Participation in TTW**

The vast majority of beneficiaries participating in TTW have assigned their Tickets to an SVRA. Of the 24,462 Ticket assignments reported through August 29, 2003, 21,670 (89 percent) had been made to SVRAs. SVRA assignments to date have been equally divided between individuals already on state agency caseloads (termed “pipeline” cases) and new clients to SVRAs. The fact that SVRA Ticket assignments constitute nearly 90 percent of all TTW activity to date reflects the dominant role SVRAs have traditionally played in providing employment services to beneficiaries, a role that they continue to assume under TTW.

In over 80 percent of the Phase 1 and 2 states, two-thirds of all Ticket assignments have been made to SVRAs (Table III.3). Examples of states in which a relatively low percentage of Ticket assignments have been made to SVRAs include Nevada (52 percent of assignments to the SVRA), Arkansas (52 percent), Arizona (54 percent), and Mississippi (54 percent). Examples of states in which the overwhelming number of Ticket assignments have been made to SVRAs include Vermont (99 percent), South Dakota (99 percent), Oklahoma (99 percent), Delaware (97 percent), and South Carolina (96 percent).

Under TTW, SVRAs are allowed to choose whether to serve an individual under the traditional SSA VR payment system, or under one of the EN payment mechanisms. To date, 84 percent of Ticket holders served by SVRAs are served under the traditional SSA

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<sup>6</sup>Most of this discussion is drawn from interviews with Phase 1 SVRAs conducted in 2002 and reported in Livermore et al. (2003). We will conduct another round of interviews in early 2004 to update this information.

**Table III.3: Ticket Assignments to State VR Agencies\* (August 29, 2003)**

State	Total Number of Tickets Assigned in State	Number of Tickets Assigned to VR	Percentage of Tickets Assigned to VR
<b>Phase I</b>			
Arizona	539	289	53.6
Colorado	349	320	91.7
Delaware	456	443	97.1
Florida	1,214	804	66.2
Georgia	287	218	76.0
Iowa	616	555	90.1
Illinois	4,074	3,839	94.2
Massachusetts	617	521	84.4
New York	6,169	5,801	94.0
Oklahoma	1,018	1,007	98.9
South Carolina	1,244	1,197	96.2
Vermont	267	265	99.3
Wisconsin	1,750	1,634	93.4
<b>Phase 2</b>			
Alaska	25	21	84.0
Arkansas	109	57	52.3
Connecticut	238	220	92.4
District of Columbia	63	46	73.0
Indiana	128	95	74.2
Kansas	114	77	67.5
Kentucky	197	175	88.8
Louisiana	591	546	92.4
Michigan	1,517	1,416	93.3
Missouri	367	288	78.5
Mississippi	266	143	53.8
Montana	86	85	98.8
North Dakota	10	9	90.0
New Hampshire	19	10	52.6
New Jersey	242	172	71.1
New Mexico	32	28	87.5
Nevada	194	101	52.1
Oregon	259	192	74.1
South Dakota	190	188	98.9
Tennessee	714	525	73.5
Virginia	364	273	75.0
<b>Total</b>	<b>24,325</b>	<b>21,560</b>	<b>88.6</b>

Source: Program Manager Ticket Assignment Report 9-2-03.

\*Does not include 137 Ticket assignments of beneficiaries residing in Phase 3 localities. Of these, 110 were assigned to SVRAs.

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payment system. Only one SVRA (Oklahoma) has assigned a large number of Tickets under its EN payment mechanism. As discussed further in Chapter V, this SVRA is making a concerted effort to identify clients for whom the agency is likely to obtain more revenue under TTW than under the traditional payment system. In general, these are relatively lower-costs clients who might work enough to achieve some milestone payments, but are unlikely to work at levels sufficient to generate payment under the traditional payment system.

#### **b. Pipeline and New Cases**

SVRAs work with three types of SSA beneficiaries—individuals who are not eligible for TTW (non-Ticket cases), individuals who were already clients of the SVRA at the time they became Ticket eligible (pipeline cases), and individuals who become Ticket eligible before they become clients of the SVRA (new cases). SSA has provided guidance to the SVRAs on providing services to each of these groups through Transmittal 17 of the Vocational Rehabilitation Providers Handbook (SSA, 2002). Current SSA guidance for each of these three categories is briefly described below.

**Non-Ticket cases** are beneficiaries who are not eligible for a Ticket. SVRAs are not allowed to serve these individuals as an EN. SVRAs can serve non-Ticket cases under the traditional payment program and receive reimbursement when all SSA guidelines for the program are met. They can also serve these individuals using their regular non-SSA funds.

**Pipeline cases** are beneficiaries who first become Ticket eligible after developing and signing an Individual Plan for Employment (IPE) with an SVRA. Pipeline beneficiaries have three options: (1) assign the Ticket to the SVRA; (2) assign the Ticket to an EN; or (3) not assign the Ticket to any entity. If a beneficiary assigns the Ticket to the SVRA, the SVRA can use either the traditional payment or its selected EN payment system. Ticket assignment in pipeline cases occurs when the beneficiary and the SVRA both sign an IPE and the State Agency Ticket Assignment Form (Form 1365), and the SVRA submits the form to the Program Manager.

If a pipeline beneficiary does not assign his or her Ticket to the SVRA, the agency can still serve the individual under the traditional payment system, but only if program requirements for payment are met before SSA makes a payment to an EN to whom the beneficiary has assigned the Ticket. This provision has led SVRAs to devote considerable resources to contacting Ticket holders on their existing caseloads, explaining the Ticket program to those individuals, and encouraging them to assign their Tickets to the SVRA, as opposed to a non-SVRA EN.

**New cases** are beneficiaries who first become eligible for TTW before signing an IPE with the SVRA. A new case beneficiary can assign a Ticket to the SVRA by signing Form 1365. If the beneficiary does not sign Form 1365, however, the unsigned form can be submitted along with the front and last page of the IPE if both the beneficiary and SVRA representative have signed the IPE.

SVRAs have expressed concern about SSA guidance on new cases. The guidelines allow SVRAs to submit a signed IPE for Ticket assignment for beneficiaries who have not knowingly agreed to assign their Tickets to the SVRA. As a result, the guidance is viewed by some SVRAs as violating the principle of informed consent, and many SVRAs are very reluctant to use this type of “automatic assignment.” In situations where a beneficiary signs an IPE but declines to assign the Ticket to the SVRA, the agency must either use the automatic assignment provision or risk losing the opportunity to receive any type of SSA payment for the beneficiary.

SVRAs have also expressed a concern that the SSA guidance on new cases may limit beneficiary choice in Ticket assignment. For example, if at some future point the beneficiary wants to assign his/her Ticket to an EN other than the SVRA currently holding this Ticket, the beneficiary will have to initiate a reassignment request to the Program Manager. However, if the SVRA is already eligible to receive a payment under the Ticket program for this beneficiary, the value of the Ticket for reassignment is potentially limited because the TTW payments would have to be shared with the SVRA.

### **c. SVRA Implementation Strategies**

SVRAs used a number of strategies to prepare for the Ticket rollout. Among the 13 Phase 1 states, several SVRAs were initially very excited about TTW and had expressed an interest in being part of the initial rollout. Others were less enthusiastic. SVRAs that initially embraced TTW believed that they possessed a strong state infrastructure, including the presence of Medicaid Buy-In programs, strong benefits planning networks, State Partnership Initiative projects, DOL Work Incentive Grants, and high quality service delivery systems that would enable them to effectively operate within the new program. SVRAs in other states expressed concern about the possible success of TTW and their ability to implement the program successfully. In anticipation of TTW rollout, most SVRAs participated in national meetings and received technical assistance from SSA and the Program Manager, developed state-specific TTW implementation teams, prepared staff development programs, participated in regional conference calls sponsored by SSA regional offices, modified data systems to allow tracking of Ticket holders, and conducted outreach to potential ENs.

SVRAs have developed internal organizational structures and allocated resources to respond to a demand for services by TTW recipients. Implementation strategies have varied considerably, based primarily on the size of the state, the anticipated demand for services, and prior experience with the SSA cost reimbursement program. Some SVRAs have established centralized TTW units, staffed by individuals solely responsible for TTW activities. Others have chosen more decentralized implementation designs where TTW duties were added to the work assignments of staff members already responsible for a number of different activities. Common implementation strategies have included development of call centers (although most states establishing these centers have closed them due to a lack of demand), centralized TTW units responsible for all aspects of implementation, identification of a single Ticket coordinator or regional Ticket counselors, and decentralized implementation procedures where all beneficiaries are referred to local SVRA offices.

SVRA personnel have consistently expressed a concern that many beneficiaries contacting them lack basic information about TTW. SVRA staff describe contacts from beneficiaries who believed that the Ticket entitled them to an immediate job, who did not know that participation was voluntary, who did not want to work, who believed they could exchange their Tickets for cash, or who believed their benefits to be in jeopardy. Many interviewees expressed frustration regarding the perceived lack of information provided to beneficiaries by SSA and the Program Manager, despite extensive marketing of TTW by the Program Manager and other events sponsored by SSA. SVRA staff generally believe that the Program Manager is responsible for basic TTW education, but acknowledge the challenges inherent in explaining a complicated program to SSA beneficiaries. Many believe that the letter accompanying the Ticket mailing could contain additional information that would inform beneficiaries about many of the key areas of TTW, such as CDR protection, the Medicaid buy-in (where applicable), Benefit Planning Assistance and Outreach services, and expedited reinstatement of benefits.

From the SVRA perspective, the need to explain basic aspects of TTW to numerous beneficiaries creates an administrative burden and increases the costs of participating in the program. After explaining the TTW program to beneficiaries who frequently were not interested in participating in the program, several SVRAs began to develop more systematic screening protocols and to refer individuals to local Benefits Planning Assistance and Outreach programs for more information and counseling. However, most agencies have not attempted to develop concise, effective screening tools.

In addition to the burden on staff associated with providing beneficiaries with basic information about TTW, many SVRAs have expressed dissatisfaction with the amount of information they are able to obtain about Ticket holders. The elimination of SSA referral of beneficiaries to SVRAs and the lack of access to data on beneficiaries that was available to SVRAs pre-TTW have affected SVRA methods for client outreach and recruitment. In addition, SVRAs are no longer permitted to advertise or keep informational materials in SSA field offices. SVRAs have also expressed some concern about the administrative resources that must be devoted to the Ticket assignment, earnings tracking, and EN payment claim submission process.

Aside from the new administrative procedures associated with TTW, early interviews with staff at SVRAs suggested that the program has not caused a major change in the nature of the services offered and provided by SVRAs. Some SVRA interviewees have noted, however, that TTW has brought about a greater emphasis on Social Security benefits planning and work incentive issues that have required SVRA staff to become more knowledgeable about and sensitive to these issues. The evaluation will continue to track the extent to which the targeting, nature, or intensity of SVRA services is affected by TTW.

#### **d. VR/EN Agreements**

A key issue in the initial rollout of TTW was the development and implementation of agreements between SVRAs and ENs. Final Ticket regulations require that if a beneficiary assigns a Ticket to an EN, and the EN wishes to refer the individual to the SVRA for

services, the SVRA and the EN must negotiate and sign a VR/EN agreement. VR/EN agreements have been developed in all Phase 1 and many Phase 2 states. While TTW regulations allow each EN to negotiate an individualized agreement with the SVRA, in practice, most SVRAs have developed a standard agreement that is used with all ENs.

VR/EN agreements generally address referral and information sharing procedures, the financial responsibilities, the terms under which the EN will reimburse the SVRA for providing services, and dispute resolution procedures. Existing VR/EN agreements vary widely in terms of (1) the specific service costs that the SVRA will attempt to recoup from the EN, (2) the procedures used to determine how SSA payments to ENs are shared between the SVRA and the EN, and (3) the mechanisms used by the SVRA to encourage ENs to provide ongoing support and employment retention services to beneficiaries.

From the perspective of SVRAs and the Rehabilitation Services Administration (RSA), the principle of “comparable benefits” should guide the development of VR/EN agreements. RSA regulations define comparable benefits as “*services and benefits that are provided or paid for, in whole or in part, by other Federal, State, or local public agencies, by health insurance, or by employment benefits.*”<sup>7</sup> The principle of comparable benefits implies that, in situations where services can be paid for by other entities, SVRAs are not required to use agency funds to support these services.

RSA has interpreted TTW to be a comparable benefit under the federal VR regulations. Initial RSA guidance to states provides that “*Should the individual seek services both from an SVRA and a non-VR agency EN, then the SVRA may view the services provided by the EN as a comparable service and benefit under section 101(a)(8) of the Rehab Act and 34 CFR 361.53. Yet the SVRA should not discontinue all services to the individual unless it is clear (not “assumed”) that the individual intends to receive all necessary services through that EN.*”<sup>8</sup>

The comparable benefits principle has been the basis for SVRA development of VR/EN agreements. However, many VR/EN agreements contain provisions that go beyond the current guidance provided by the RSA. Examples of issues under the comparable benefits principle addressed in some VR/EN agreements include the following:

- Should any service an EN indicates it can provide in its application to SSA be considered a comparable benefit? Recent guidance by the RSA indicates that such an interpretation is too broad and that comparable benefit determinations must be made on an individual-by-individual level. However, a number of current VR/EN agreements preclude SVRA funding for any and all services specified on an EN’s application to the Program Manager.

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<sup>7</sup>Federal Register (January 17, 2001). 66(11), 4384, 34 CFR 361.5(b)(1)(i)(A & B).

<sup>8</sup>Pasternak, Robert (May 20, 2003). Testimony to the Ticket to Work and Work Incentive Advisory Panel Quarterly Meeting, Washington, DC.

- Are SVRAs permitted to require ENs to reimburse the SVRA for administrative costs, including counseling and guidance, in addition to direct employment support services? In at least one state, case management counseling services, normally a part of an SVRA's Individual Plan for Employment, become the required responsibility of the EN.
- Can SVRAs collect a share of SSA payments to an EN over and above the actual amount expended by the SVRA on behalf of a beneficiary? In at least two states, the VR/EN agreement requires the EN to share payments with the SVRA even after all costs have been repaid by the EN.
- Are SVRAs permitted to require ENs to reimburse the SVRA for its expenditures, even before the EN begins to receive Ticket payments from SSA? In at least one state, the VR/EN agreement requires the EN to reimburse the SVRA for the total cost of all services, even if the EN stops receiving TTW payments before being fully reimbursed.

In some states, dozens of ENs have signed VR/EN agreements with the SVRA. In others, few, if any, ENs have entered into agreements. The lack of signed VR/EN agreements in many states might be due to several factors. Some ENs, particularly national ENs, may not see a need to sign an agreement with an SVRA. Other ENs may view the terms of the agreements as financially unfavorable. In some instances, the SVRA may not be aggressively pursuing the development of agreements with non-VR ENs, preferring to encourage the assignment of all Tickets to the SVRA.

#### **e. Summary**

Despite initial concerns about the impact of TTW on existing funding streams and administrative procedures, many SVRAs appear to have increased their emphasis on providing services to SSA beneficiaries. In addition, SVRAs continue to receive the overwhelming majority of Ticket assignments, in spite of their concerns about the relationship between TTW and the SSA traditional payment system, Ticket assignment and program implementation procedures, and SVRA relationships with other ENs. While many SVRAs still have significant concerns about the future of TTW, it appears that the program has not had the significant negative effect on SVRAs that many had feared.

#### **4. Employment Networks**

TTW represents a significant change in the business practices for ENs that are traditional providers of rehabilitation services, as are most. The primary changes relate to the nature of the payment system and to provider relationships with SVRAs.

With respect to the payment system, many traditional providers have relied on funding from an SVRA and other sources that, while outcome-based in some respects (depending on the state), typically finance services up-front and over shorter time periods. TTW payment is wholly based on outcomes and is extended over a long period. For many providers, such a

payment structure is not a good fit with pre-existing financial systems, services, and/or expected outcomes for their traditional clients.

TTW has changed the nature of the relationships between SVRAs and ENs that were vendors to the SVRA before TTW. Prior to TTW, these vendors relied heavily on the SVRA in their state for clients and funding. However, TTW establishes a mechanism under which providers might directly obtain both SSA funding and beneficiary clients without involving the SVRA as an intermediary. Potentially they may become a competitor to an SVRA even though they might continue to be a vendor to the SVRA.

ENs that are non-traditional providers or have never been vendors to an SVRA face their own challenges, which vary depending on past experience and other lines of business. Some are providing other types of services to beneficiaries (e.g., health care), and run into issues with blending funds from other sources with Ticket money. Others provide employment services, but have not served the beneficiary population in the past and see this as an opportunity to do so. Some have, or have sought, funding for start-up costs and capital from other sources. It appears to be rare for these ENs to have developed relationships with SVRAs.

We will develop a more comprehensive assessment of this issue later in the evaluation when we have interviewed a much larger variety of ENs. In the remainder of this section, we describe what we have learned to date about: factors that affect provider participation as ENs, early EN experiences enrolling Ticket holders, early payment outcomes, and EN/SVRA relationships from the EN perspective. It should be noted that most of the following discussion is drawn from interviews conducted in 2002 (Livermore et al. 2003).

#### **a. Factors Affecting EN Participation**

Many providers enrolled as ENs because it was relatively costless to do so, but without strong intentions to accept Ticket assignments in the immediate future. The simple EN application procedure and the ability to accept Tickets on a voluntary, case-by-case basis make enrollment as an EN appear low risk to providers. Providers can slowly develop experience with the program and determine whether it has the potential to cover their expected costs and make it possible for the provider to expand the services it offers and/or the clients it serves.

Although many providers have elected to enroll as ENs in both Phase 1 and Phase 2 states, and SSA has accepted almost all EN applications, relatively few ENs have accepted Tickets (Table III.4)—just 38 percent of ENs in Phase 1 states, and 30 percent in Phase 2. Even fewer are accepting large numbers of Tickets (Figure III.1). As of late July 2003, of the 131 ENs that had assignments and operated in the Phase 1 states, only 30 had more than 10 assignments, 7 had more than 50, 5 had more than 100, and 1 had over 300.<sup>9</sup> Of the 152

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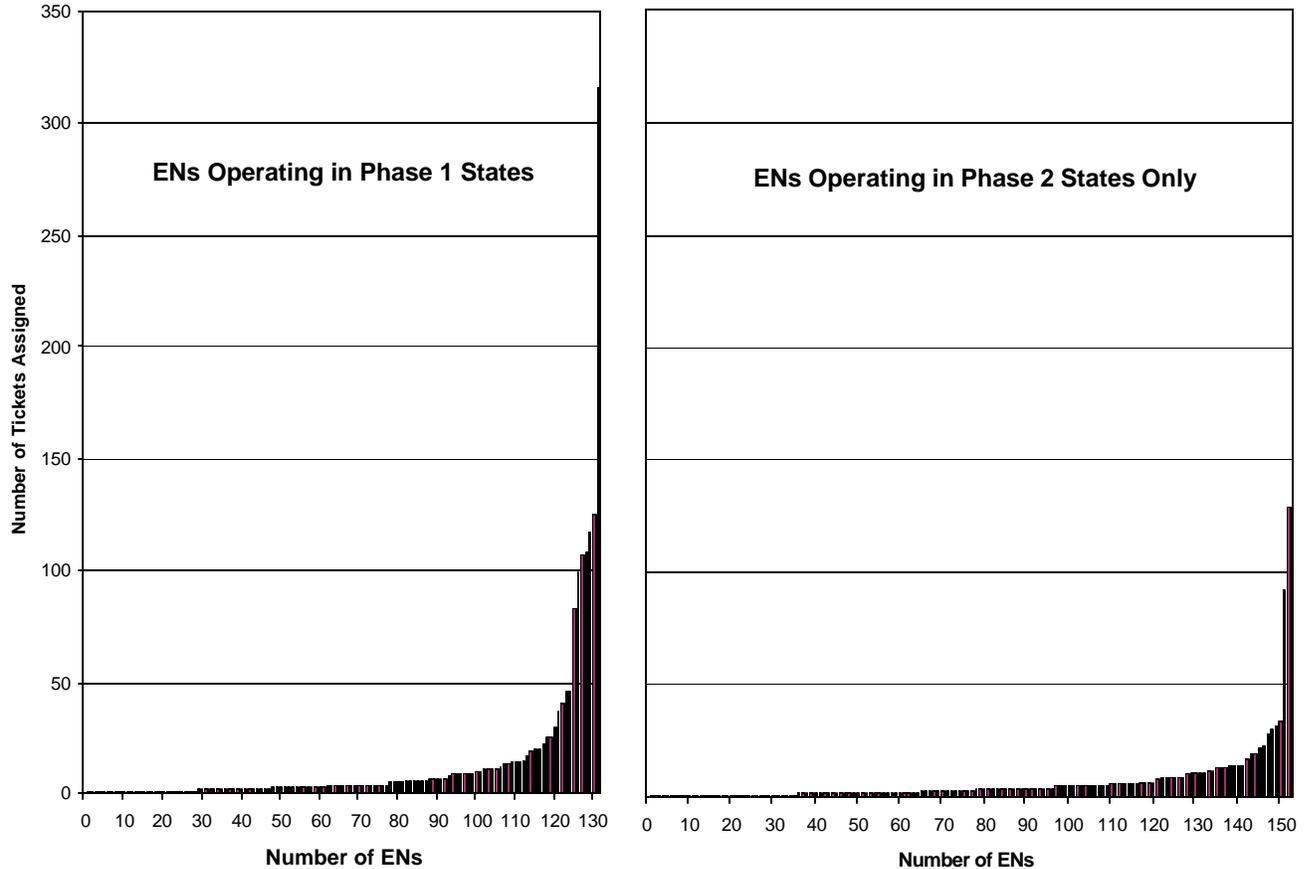
<sup>9</sup>These assignments include some assignments from beneficiaries in Phase 2 states.

**Table III.4: ENs and ENs with Ticket Assignments, by Phase and State (as of August 29, 2003)**

State	ENs with Assignments		
	ENs	Number	Percent
<b>Phase I (13)</b>			
Arizona	25	10	40
Colorado	18	5	28
Delaware	5	3	60
Florida	65	25	38
Illinois	63	21	33
Iowa	29	13	45
Massachusetts	46	17	37
New York	103	38	37
Oklahoma	8	1	13
Oregon	28	13	46
South Carolina	16	7	44
Vermont	2	0	0
Wisconsin	26	10	38
<b>Total Phase I</b>	<b>434</b>	<b>163</b>	<b>38</b>
<b>Phase 2 (21)</b>			
Alaska	3	1	33
Arkansas	15	4	27
Connecticut	11	3	27
District of Columbia	7	3	43
Georgia	20	4	20
Indiana	29	4	14
Kansas	17	5	21
Kentucky	18	6	33
Louisiana	14	5	36
Michigan	56	16	29
Mississippi	5	2	40
Missouri	33	13	39
Montana	8	1	13
Nevada	14	5	36
New Hampshire	4	2	50
New Jersey	26	10	38
New Mexico	10	1	10
North Dakota	5	1	20
South Dakota	3	1	33
Tennessee	16	9	56
Virginia	26	7	27
<b>Total Phase 2</b>	<b>340</b>	<b>103</b>	<b>30</b>
<b>National ENs</b>	<b>10</b>	<b>6</b>	<b>60</b>

SOURCE: The Program Manager, Summary Ticket Rollout Status Report #80, September 2, 2003.

**Figure III.1: Number of Tickets Accepted by Individual ENs, Phase 1 and 2 States (as of July 25, 2003)**



SOURCE: SSA tabulations of the OIM Universe File. Note that assignments from beneficiaries in Phase 2 states to ENs that also operated in Phase 1 states are counted in the left-hand diagram only.

additional ENs that had assignments and operate only in the Phase 2 states, 24 had more than 10 assignments, 2 had more than 50, and 1 had more than 100.<sup>10</sup>

Based on interviews with ENs and feedback given at the EN Summit, the main reasons for low participation are issues with the payment system, the complexity and administrative burden of the program, and a lack of knowledge on the part of providers about how to operate successfully under the program.

<sup>10</sup>By definition, all assignments to the ENs are from the Phase 2 states.

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**Payment System.** Many ENs do not believe that TTW payments, as currently structured, would cover their costs, but were willing to enroll as an EN and would participate in the future if the payment system were to become more lucrative. The lack of funding to cover up-front costs, the belief that beneficiaries will not achieve long-term outcome goals, limited service capacity, and uncertainty regarding whether TTW payments would jeopardize other funding sources all contribute to many ENs currently accepting few or no Tickets. EN Summit participants recommended that SSA:

- Shorten the length of the payment period and provide larger payments early in the period
- Base payment on the average of SSI and DI benefits combined rather than have separate systems for the two programs
- Reduce the difference in total payments between the milestone-outcome and outcome payment systems
- Provide payments for partial success, at earnings less than necessary to reduce benefits to zero
- Allow all ENs to choose between outcome-only and milestone-outcome payments on a case-by-case basis

These changes would likely increase SSA's Ticket costs for individual beneficiaries and some would make the program more complex and costly to administer. Further, it is likely that some of these recommendations would require new legislation. It is difficult to predict the net effect of these recommendations on program savings because implementation would likely expand Ticket participation and increase competition between ENs.

**Combining Funding Sources.** The nature of the TTW payment system makes it necessary for many providers to seek and use other sources of funding in order to provide any services upfront and to provide more intensive and ongoing services in general. Some ENs, however, are concerned about the implications of receiving TTW revenue after funding has been received from other sources. Some ENs receive substantial support from state agencies, including state Medicaid, mental health, and developmental disabilities agencies. They would like to use TTW revenue to provide additional services that would improve their clients' earnings, but are concerned that the other agencies will consider TTW funds as duplicative of their funds or services and therefore not provide reimbursement. For example, because Medicaid is payer of last resort, many providers believe that they are not allowed to accept Ticket payments, or if they do, these payments must offset the service costs billed to Medicaid. These providers have chosen not to serve clients under TTW in order to keep their Medicaid funding out of jeopardy (Livermore et al. 2003).

**Administrative Burden.** EN's concerns about complexity and administrative burden center on screening beneficiaries who seek services and on filing earnings reports to ensure payment. To some extent, concerns about screening reflect the high volume of phone calls that ENs in Phase 1 states received when Tickets were initially mailed. In general, ENs

found that many callers were poorly informed about how the Ticket works and lost interest once the EN answered their questions. One of the EN Summit recommendations to SSA was to address this problem through beneficiary outreach efforts. Many ENs were also very concerned about how to identify accurately those beneficiaries who were likely to increase their earnings sufficiently to trigger payments.

An EN must track and document the earnings of its Ticket clients to assure that it will receive the appropriate payments. EN staff that we interviewed expressed varied perceptions regarding the feasibility and anticipated level of effort required to track earnings. Several interviewees reported that their existing systems would already support or could be modified to support TTW's long-term earnings tracking requirements, and some had developed sophisticated tracking systems. More than half of interviewees, however, reported significant concerns about the feasibility and/or appropriateness of tracking client earnings. One of the recommendations of the EN Summit was for SSA to develop software that ENs could use to track case status.

ENs also expressed considerable concern about the timeliness of payments, and possible payment denials, once wages are reported. These latter concerns appear to stem from the fact that SSA has lacked procedures to adequately document beneficiary earnings on a monthly basis and make adjustments to benefits in a timely manner. As discussed earlier in this report, SSA has undertaken several initiatives to address this issue. At the time we conducted the first-round EN interviews (in 2002), few ENs had extensive experience with requesting payments.

The mechanics of SSA's payment system were the topic of much discussion at the EN Summit, and the ENs made numerous suggestions to improve them, including:

- Drop requirements for wage reporting after a beneficiary loses their cash benefits due to earnings
- Develop a method to base payments on estimated earnings, not verified earnings
- Develop a method to use existing sources of administrative data (e.g., unemployment insurance reports) to determine earnings
- Develop methods for full or partial payment based on presumptive eligibility, with retroactive verification required
- Eliminate the requirement that beneficiaries report earnings to both SSA and the EN
- Develop uniform definitions of earnings for purposes of SSI and DI eligibility continuation
- Implement procedures to process earnings reports in a more timely fashion to reduce overpayments

While SSA has recently altered the wage reporting requirements, various issues would need to be addressed in order to implement the additional EN recommendations. For

example, reporting lags inherent in using third-party wage reports such as IRS or state unemployment insurance data will result in significant delays in EN payments. Because EN payments are based in part on savings to the Federal government resulting from beneficiary payments being reduced to zero, basing EN payments on estimated earnings could result in overpayments to ENs and the requirement that ENs pay back SSA for months when Ticket holder benefits were not actually zero. These and other problems will need to be addressed for SSA to implement the above recommendations.

**TTW Service Models.** Few ENs interviewed in 2002 had developed business plans or conducted formal assessments of the potential costs and revenues associated with TTW. Many view TTW as just another potential funding source for the traditional services they provide, and do not intend to change their service delivery approach or invest substantial resources into operating under TTW. The large majority of ENs have elected the milestone-outcome payment system, primarily because it provides payments sooner than the outcome-only system, and also because ENs are not confident (and in some cases, do not expect) that clients will achieve long-term employment above SGA. At the EN Summit, ENs recommended that SSA conduct an EN capitalization study, develop training materials that would help them learn how to be financially successful, and develop a means for ENs to identify and share best practices. As noted previously, SSA has recently funded an EN capitalization project to address this concern.

A few ENs interviewed in 2002 had conducted financial assessments of the expected costs and revenues associated with TTW and, at that time expected to eventually generate revenues sufficient to cover their costs. We interviewed two of these ENs approximately one year later, and as discussed further in Chapter V, neither were covering their costs during the first year of TTW, and one had substantially curtailed its participation in the program.

### c. **Early Experiences Enrolling Ticket Holders**

**Marketing and Screening.** Most ENs interviewed in 2002 were not actively marketing their services to beneficiaries. Those interviewed indicated that they receive a large number of unsolicited phone inquiries from beneficiaries who obtain their names and contact information from the Program Manager. They also noted that the number of phone calls from beneficiaries was overwhelming when Tickets were first mailed. As noted previously, SSA has since slowed the rollout schedule for the Phase 2 and 3 states.

Many EN interviewees reported experiencing difficulty responding to beneficiary inquiries about TTW and screening for appropriate candidates. Most callers appear to have a poor understanding of TTW when they contact ENs, and EN interviewees report spending a considerable amount of time explaining the program and dispelling beneficiary misconceptions. Common misconceptions include beneficiaries believing that: their Tickets can be directly exchanged for jobs, ENs are required to accept their Tickets, and ENs must provide funding for SVRA services. Beneficiaries are also often surprised to learn that ENs only want to accept Tickets from those who are willing and able to eventually earn enough from work to lose their disability benefits.

Several ENs noted beneficiary characteristics that they look for in deciding whether or not to accept a Ticket. Such characteristics include: a desire for full-time employment, the ability to earn above \$8 per hour, the ability to be quickly placed in employment (few significant barriers to entering employment), and needs consistent with the services offered by the EN.

Some EN interviewees described approaches they had developed to minimize the burden of educating beneficiaries about TTW and identifying appropriate candidates. These approaches include the following:

- Developing key screening questions and criteria, which are applied prior to spending time educating beneficiaries about the program. For example, ascertaining whether beneficiaries are willing to work full time, are immediately available for job interviews, and the number of job interviews they are willing to do per week. Responses consistent with a strong desire to work are indicators of appropriate candidates.
- Holding group orientation sessions for those meeting initial screening criteria to describe the purpose of the program and to emphasize how the EN will be paid, or not paid, based on beneficiary work outcomes.
- Developing specific criteria for unassigning Tickets and incorporating those requirements into the individual work plan agreement with the beneficiary. Examples of criteria used by ENs to unassign Tickets include missed appointments or job interviews, being a no-show for a job, and losing contact with the counselor.

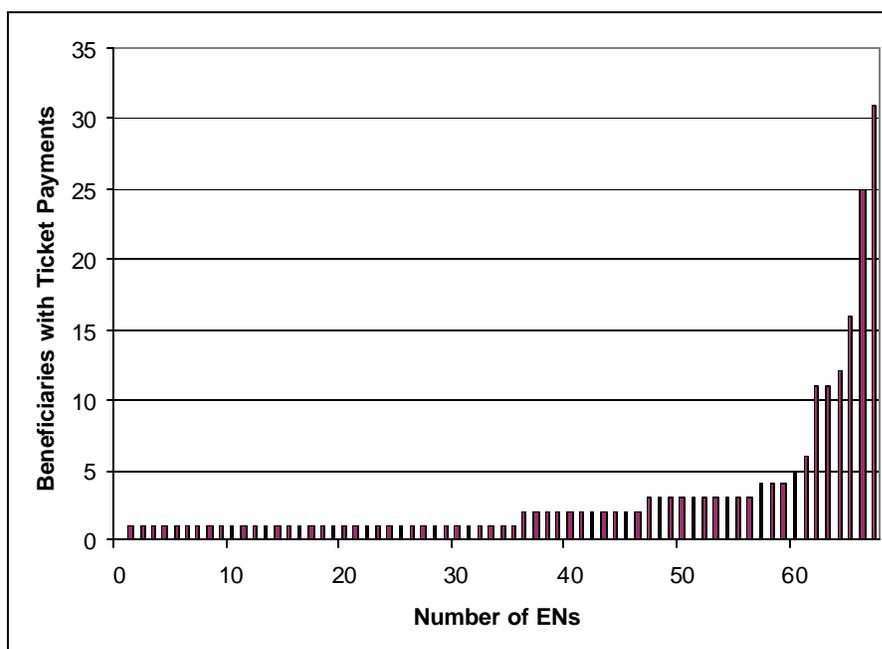
**Ticket Assignments.** Early in TTW implementation, a few ENs were accepting a substantial number of Tickets and appeared to be experiencing some success. These ENs had several traits in common: they had established processes for selecting motivated and seemingly employment-ready Ticket holders; they were very selective about whose Tickets to accept, indicating that only 10 to 30 percent of Ticket holders screened resulted in an assignment; they offered very limited services and focused on interview skills, resume writing, and job placement; and they adhered to policies for unassigning the Tickets of beneficiaries who did not appear to be actively engaged in the program.

#### **d. Early EN Experiences with Employment and Payment Outcomes**

At the time of the initial site visits (2002), few ENs had placed beneficiaries in employment or had received payments. As of early August 2003, a total of 673 outcome or milestone payments had been made to 70 ENs in both Phase 1 and 2 states, on behalf of 240 Ticket holders. Most ENs serving Ticket holders working at levels that make the ENs eligible for payments have only a small number of such clients, and just a few have a substantial number of clients that make them eligible for payments (Figure III.2). Of the 67 ENs that received a payment, 35 had received payment for only one Ticket holder and 60 had received payments for five or fewer Ticket holders. One had over 30 Ticket holders working at levels that generated EN payments. In summary, most ENs with payments have

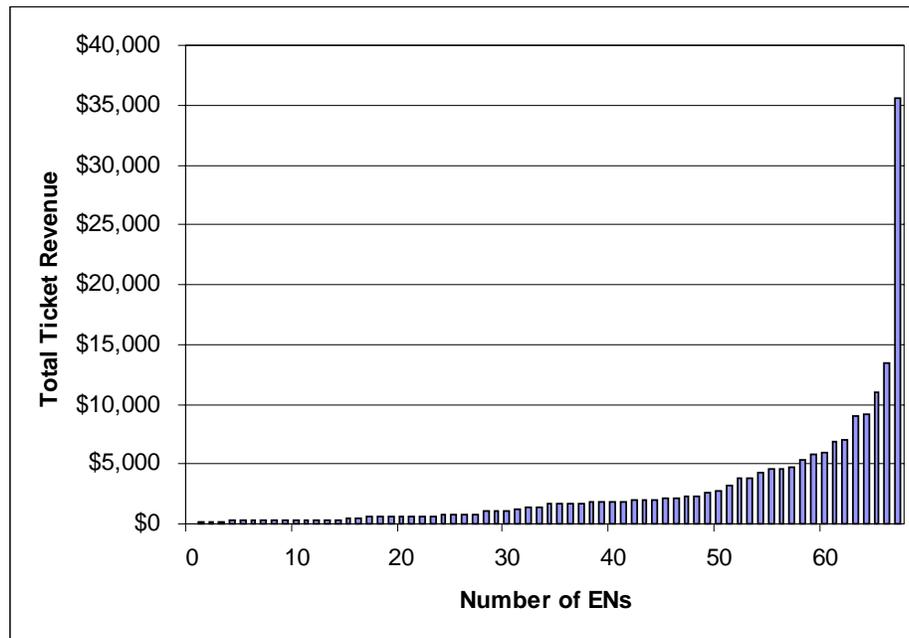
received only small amounts thus far, although a very few have received substantial sums (Figure III.3); 27 ENs had received less than \$1,000, and 57 ENs had received less than \$5,000. Only four had received more than \$10,000, including one with more than \$30,000. The 10 ENs receiving over \$5,000 to date have received 57 percent of all payments made. Only three SVRAs acting as ENs had received milestone or outcome payments, for 28 Ticket holders, as of August 2003. Of the \$29,000 in payments to SVRAs, 93 percent went to one SVRA.

**Figure III.2: Ticket Holders Generating EN Payments (as of August 8, 2003)**



- Until June 2003, it was impossible for SSA field offices to identify Ticket payment cases from the administrative systems and, therefore, field employees could not identify these workloads until they were brought to their attention by regional or central office coordinators.
- What is generally depicted as a simple verification of earnings information posted by the Program Manager is, in reality, most often a full work activity CDR with a determination of Trial Work Period months and SGA, and frequent development of earnings that occurred several months before the Ticket in-use date.
- Often, the earnings information submitted by the ENs is incomplete.

**Figure III.3: Total Ticket Payment Revenue (as of August 8, 2003)**



SOURCE: Authors' tabulations of payment data provided by SSA/OESP.

#### **e. Relationships with State VR Agencies**

The initial 2002 site visits indicated that most ENs had not signed agreements with their state's VR agency. We do not have up-to-date complete information on signed agreements, but it appears that, except in a few states, signed agreements are relatively rare and instances where beneficiaries are served jointly under such agreements even rarer. As noted previously, the reasons appear to include the following: (1) ENs do not see a need to enter into agreements with SVRAs, either because they do not expect to use SVRA services, or because they do not believe an agreement with the SVRA is necessary for the EN to use

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SVRA services for Ticket clients; (2) ENs do not view the terms of the agreements as favorable to them; and (3) the SVRA is not aggressively encouraging ENs to sign the agreements.

In virtually every Phase 1 state, the SVRA-EN agreement was developed by the SVRA and then submitted to ENs to accept or reject. In a few instances, ENs or groups of ENs were formally or informally involved in the agreement development process. With a few exceptions, it appears that SVRAs are developing one agreement for all ENs in the state, rather than agreements tailored to individual ENs, and are largely prescribing the content of the agreements. At the EN Summit, participants recommended that SSA (1) explore possibilities for allowing beneficiaries to use SVRA services under the traditional payment system, then subsequently permit use of the Ticket with an EN; (2) implement guidelines to govern SVRA-EN agreements to promote equitable, long-term financial joint ventures with shared risk and responsibility; and (3) assess the policies articulated in the Transmittal 17 amendment to SSA's VR Provider Handbook related to the requirements of Ticket assignments to SVRAs, particularly to ensure that beneficiaries would not have their Tickets assigned to an SVRA without their knowledge and consent.

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## CHAPTER IV

### EARLY PARTICIPATION PATTERNS

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**D**uring the 19 months since TTW began its rollout, SSA has mailed Tickets to more than 5 million beneficiaries. While only a tiny portion—less than 1 percent—of those beneficiaries has participated, the participation rate has been steadily increasing. In addition, participation rates among some Phase 1 subgroups and states exceed 1 percent and are as high as 2 percent. Thus, the participation patterns observed thus far leave room for cautious optimism. They suggest that, despite administrative start-up problems and the difficulty in recruiting providers, participation is slowly increasing and that rates might increase further if SSA can identify and replicate the factors that account for higher enrollments in some states and among some subgroups.

At the same time, it is clear that, while TTW has expanded beneficiaries' choice of providers, most of the participation has been with SVRAs using the traditional payment system. Only 16 percent of Tickets are being used under the two new payment systems. The pattern suggests that TTW does not yet represent a dramatic break from the past. Instead, its progress so far represents the introduction of new choices and incentives whose ultimate effect will depend on the eventual level of participation and the extent to which ENs and SVRAs offer newer and more effective services.

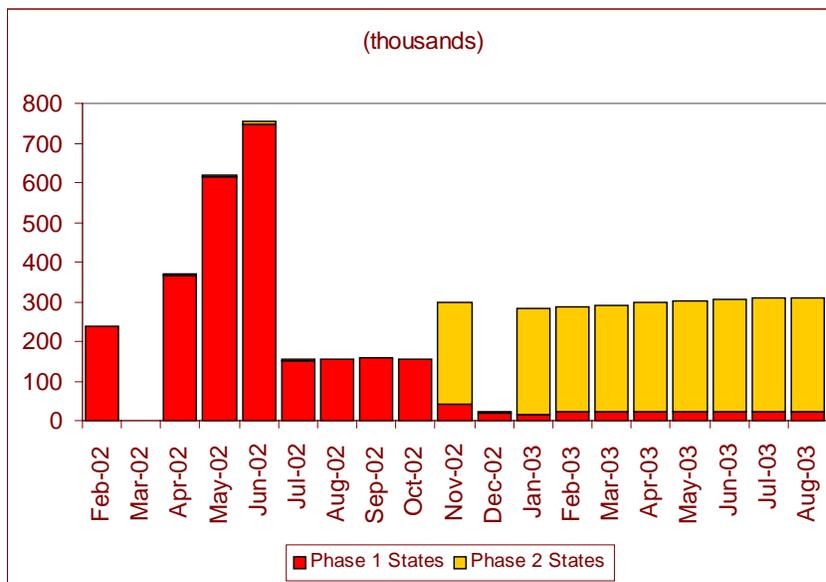
This chapter presents early participation statistics on the dynamics of the rollout from its February 2002 start through August 2003, the last date for which data were available for the current analysis. We examine the number of eligible beneficiaries who have been sent Tickets, the share of such beneficiaries whose Tickets are in use (i.e., the “participation rate”), in-use Tickets by payment type and provider type, first-time assignments, and Ticket deactivations. We then consider the characteristics of eligible beneficiaries and examine how participation rates vary with those characteristics. We also consider how provider and payment type vary with the characteristics of beneficiaries with Tickets in use. We conclude the chapter with a synopsis of the findings. Appendix A presents tables that support the figures presented in this chapter.

## A. ROLLOUT STATISTICS

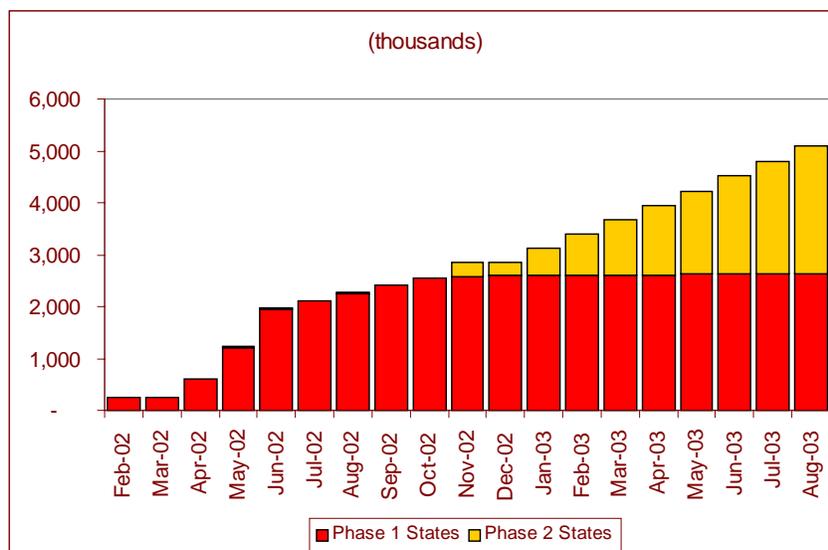
### 1. Ticket Mailings and Eligible Beneficiaries with Tickets

SSA started to mail Tickets to beneficiaries in Phase 1 states as of February 2002, with the Phase 2 mailings starting in November 2002 (Figure IV.1). SSA staggered the mailings in both phases to avoid overloading the program manager and providers (see Chapter III, Section B). Most Tickets sent to beneficiaries in Phase 1 states were mailed during four months between February and June 2002. After that, mailings went to beneficiaries in New York (whose Ticket rollout activities were delayed) and to newly eligible beneficiaries. SSA staggered the Phase 2 mailings even more than the Phase 1 mailings because of the difficulties experienced by providers and others in Phase 1 states in handling the large number of beneficiary inquiries generated by the mailings. The initial Phase 2 mailings concluded in September 2003; mailings since then go to newly eligible beneficiaries.

Figure IV.1: Ticket Mailings by Month

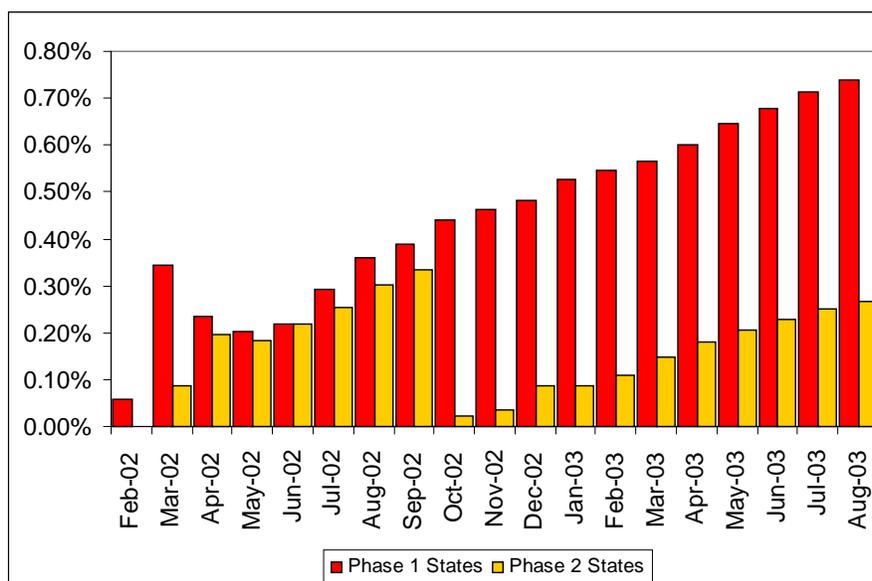


The number of eligible beneficiaries who have tickets has increased over time, reflecting the cumulative number of Tickets mailed (Figure IV.2). Because of Ticket terminations, the number of eligible beneficiaries with Tickets in any given month is somewhat below the cumulative number of Tickets mailed. Tickets are terminated for those beneficiaries who leave the rolls for a reason other than work, typically because of death or conversion to retirement but sometimes because of medical, income, or compliance reasons. As of August 2003, 5.1 million eligible beneficiaries had been mailed Tickets—2.7 million in Phase 1 states and 2.4 million in Phase 2 states.

**Figure IV.2: Cumulative Number of Eligible Beneficiaries Sent Tickets**

## 2. Participation Rate

As of the end of August 2003, about 19,600 beneficiaries in Phase 1 states were using Tickets (i.e., had assigned a Ticket to a provider and had not subsequently withdrawn it). An additional 6,500 beneficiaries were using Tickets in Phase 2 states. These numbers are small relative to the 5.1 million eligible beneficiaries with Tickets as of August 2003. The participation rate (percent of eligible beneficiaries with Tickets in use) was 0.74 percent in Phase 1 states and 0.27 percent in Phase 2 states (Figure IV.3).

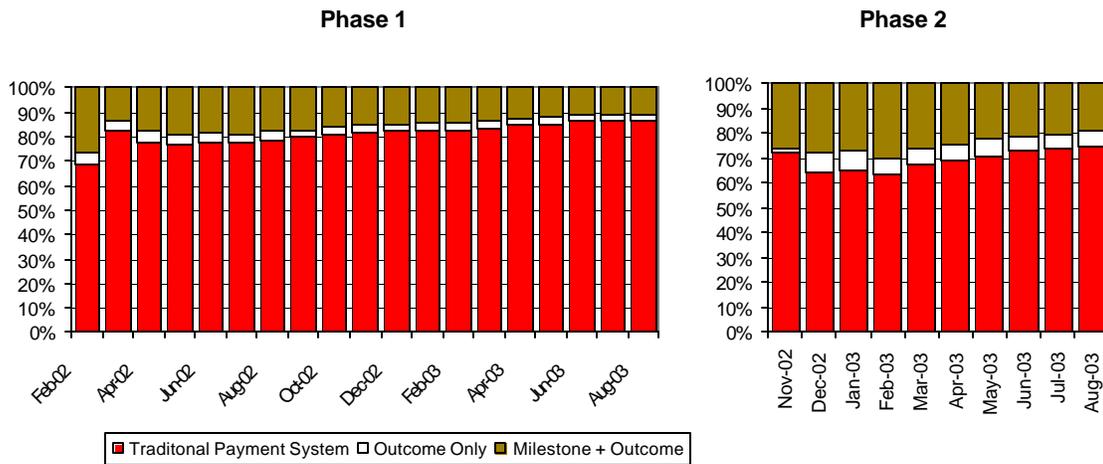
**Figure IV.3: Participation Rate by Month**

After some initial ups and downs that reflect the rapidly growing number of Tickets mailed, the participation rate has increased steadily among beneficiaries in both Phase 1 and Phase 2 states. The rate in Phase 2 states is much lower but appears to reflect the more recent rollout of Tickets in those states. The August 2003 participation rate in the Phase 2 states is similar to the participation rate in the Phase 1 states in June and July 2002, when the initial Phase 1 mailings were nearing completion. Growth in the participation rate in Phase 1 states has continued steadily from the end of the initial mailings through August 2003. We would expect the experience in the Phase 2 states to be similar over the next 12 months.

### 3. Payment and Provider Type

A large majority of in-use Tickets are assigned to SVRAs under the traditional payment system. In August 2003, the share of in-use Tickets assigned under that system was 87 percent in Phase 1 states and 75 percent in Phase 2 states (Figure IV.4). This share has been rising for two reasons. First, we know from interviews of SVRA staff that it took some months for the agencies to obtain Ticket assignments from existing clients after they had received their Tickets. As a result, the number of Tickets in use under the traditional payment system in the early months of rollout likely understates the number of beneficiaries receiving services from SVRAs under that system. Second, evidence from the site visits and from statistics on new assignments and withdrawals indicates that ENs, as a group, are reducing the number of Tickets they are willing to accept.

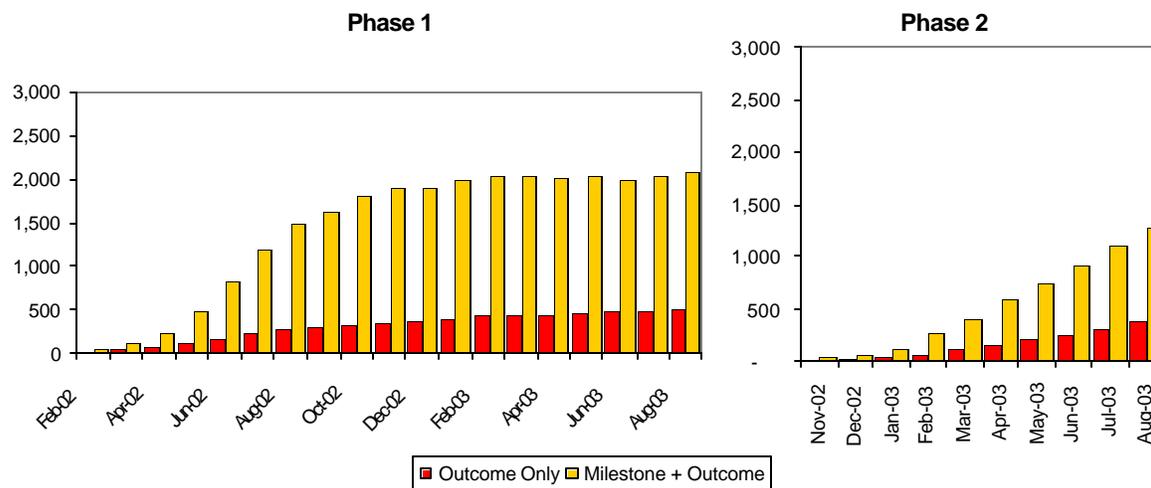
**Figure IV.4: In-Use Tickets Under the Three Payment Systems**



Although Tickets are considerably less likely to be assigned under the outcome-only system than under the milestone-outcome system, evidence through August 2003 indicates that use of the outcome-only system is now growing relative to use of the milestone-outcome system (Figure IV.5). In fact, it appears that in Phase I states, the number of Tickets in use under the milestone-outcome system essentially stopped growing early in 2003 while the number under the outcome-only system continued its slow growth. Further, in Phase 2 states, the outcome-only system was used relatively more frequently than at the same

point in the Phase 1 rollout. For Phase 2 states, 23 percent of all Tickets in use under either of the two new systems as of August 2003 were assigned under outcome-only versus 15 percent for Phase 1 states in November 2002, the comparable month in the Phase 1 rollout. As the evaluation continues, we will evaluate possible reasons for these differences.

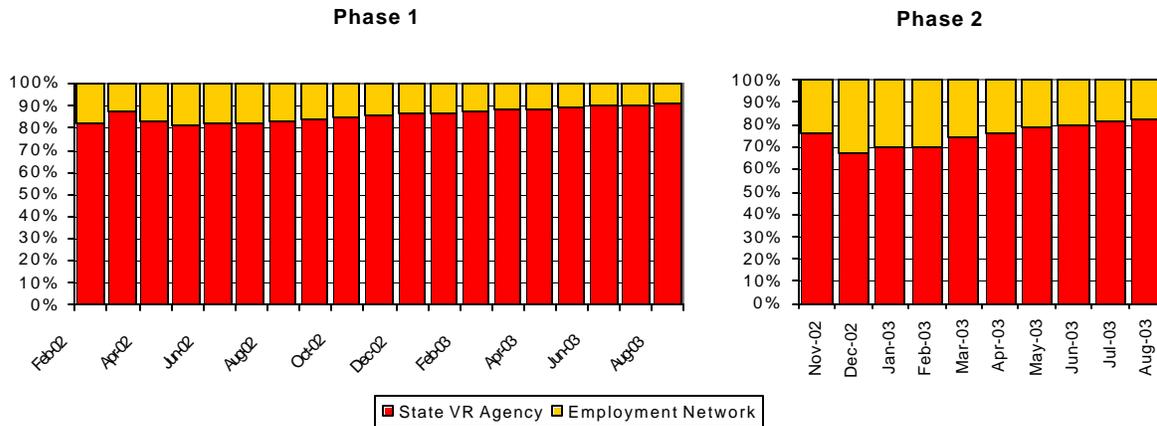
**Figure IV.5: In-Use Tickets Under the Two New Payment Systems**



Growth in the percentage of Tickets assigned to SVRAs (Figure IV.6) reflects growth in the percentage assigned under the traditional payment system (Figure IV.4). The percentage of in-use Tickets assigned to SVRAs is higher than the percentage assigned under the traditional payment system because SVRAs assigned some, albeit relatively few, Tickets under the two new EN payment systems. In August 2003, 91 percent of in-use Tickets were assigned to SVRAs in Phase 1 states and 81 percent in Phase 2 states.

Of all Tickets assigned to SVRAs in Phase 1 states at the end of August 2003, only 3.9 percent were under the milestone-outcome payment system and only 0.6 percent under outcome-only system. SVRAs in Phase 2 states had a larger share of Tickets in use under each of the new payments systems in the same month: 6.1 percent under milestone-outcomes and 2.8 percent under outcomes only. The difference is not a reflection of the later rollout in Phase 2 states; in November 2002, the comparable month of the Phase 1 rollout, 4.1 percent of in-use Tickets in Phase 1 states were under milestone-outcomes and 0.8 percent under outcomes only.<sup>1</sup>

<sup>1</sup> See Appendix Table A.2.

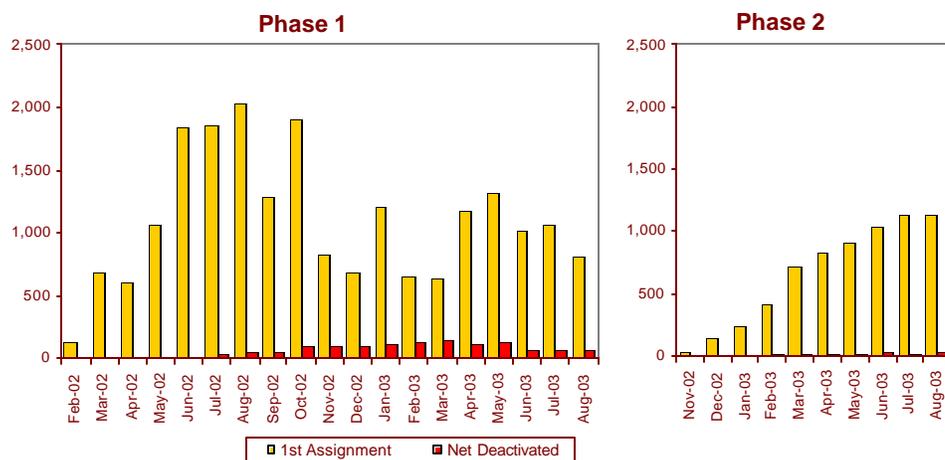
**Figure IV.6: In-Use Tickets by Provider Type**

#### 4. First Assignments and Deactivations

The above statistics focus on the number of Tickets that are in use during each month, but it is also important to look at the flow of Tickets into and out of in-use status. Specifically, we examine the number of Tickets that are first assigned in a given month and the net number deactivated. Almost all first assignments represent the first time that an individual beneficiary has placed a Ticket in use; the only exceptions are for the very small number of individuals who are assigning their second or third Ticket. Deactivations represent in-use Tickets that are unassigned or terminated for any reason, net of a small number of reassignments.

The evidence indicates that the number of in-use Tickets in Phase 1 states continues to grow on the strength of first assignments and the relatively small number of deactivations (Figure IV.7). In both Phase 1 and Phase 2 states, first assignments initially followed the pattern of mailings after a lag. In the Phase 1 states, new assignments dropped off to about 650 per month after completion of the initial rollout mailings (November 2002) but then picked up again in spring and summer 2003, reaching over 1,300 in May 2003. By August 2003, first assignments were down again but still above the low of 650. The data for the months after completion of the initial Phase 2 rollout mailing (November 2003) are not yet available. Net deactivations in the Phase 1 states were initially very low, grew to a peak of about 150 in March 2003, and then declined to under 70. One caution is in order, however: due to lags in the reporting process, some first assignments and deactivations in the most recent months might not have been reported or entered into the administrative files at the time we obtained the data for this report (October 2003). The declining numbers in June through August 2003 could thus be an artifact of the data system rather than a true downward trend.

Figure IV.7: First Assignments and Net Deactivations



## B. CHARACTERISTICS OF ELIGIBLE BENEFICIARIES, AUGUST 2003<sup>2</sup>

To a large extent, the general characteristics of beneficiaries who are eligible for TTW resemble those of the overall beneficiary population. This similarity is due to the fact that more than 95 percent of beneficiaries are eligible so that the eligible and total populations are almost the same. The TTW participation rate varies substantially with the characteristics of eligible beneficiaries. In the Phase 1 states, rates are as high as two percent for some large groups, and well below the overall figure of 0.7 percent for others. An important issue for the evaluation will be to understand these differences and assess whether they indicate ways in which overall participation rates can be increased.

### 1. Characteristics of Eligible Beneficiaries

Characteristics of eligible beneficiaries in Phase 1 and 2 states are remarkably similar.<sup>3</sup> In both state groups:

- A large majority of eligible beneficiaries receive DI. About 58 percent of beneficiaries are DI-only, another 11 percent are concurrent, and the remaining 31 percent are SSI-only.
- Eligible beneficiaries are almost evenly split between the sexes.
- Over half of eligible beneficiaries are age 50 or older, and only 22 percent are under age 40.

<sup>2</sup> Back-up tables for the figures in this section appear in Appendix A, Tables A.8 through A.14.

<sup>3</sup> All statistics pertain to beneficiaries eligible for at least one day during August 2003.

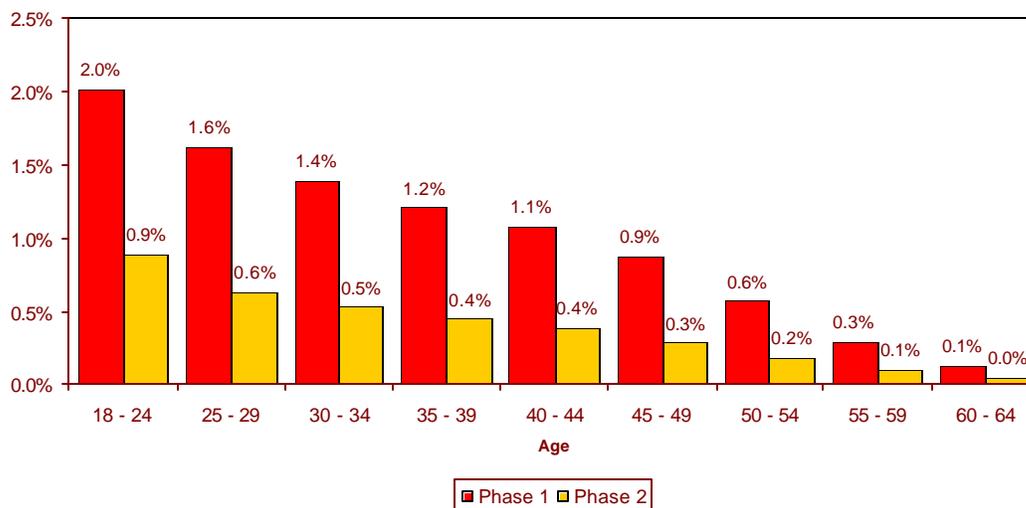
- Almost 40 percent of eligible beneficiaries have been receiving benefits for 10 or more years, and only 11 percent have been receiving benefits for 2 or fewer years.
- SSA lists a psychiatric disorder as the primary impairment for about one-quarter of eligible beneficiaries (27 percent in Phase 1, 23 percent in Phase 2). Musculoskeletal impairment is listed for another 17 percent in both phases, and mental retardation is listed for over 10 percent (11 in Phase 1 and 14 in Phase 2). SSA lists fewer than 10 percent of eligible beneficiaries as being in each of the remaining impairment categories.

One measurable way in which beneficiaries in the two Phases differ is in their preference for receiving notices from SSA in Spanish. Just 1 percent of beneficiaries in Phase 2 states prefer Spanish to English versus 4 percent in the Phase 1 states. This difference reflects the inclusion of Florida and New York in Phase 1 and the absence of any state with a comparably large Hispanic population in Phase 2.

## **2. Variation in Participation Rates**

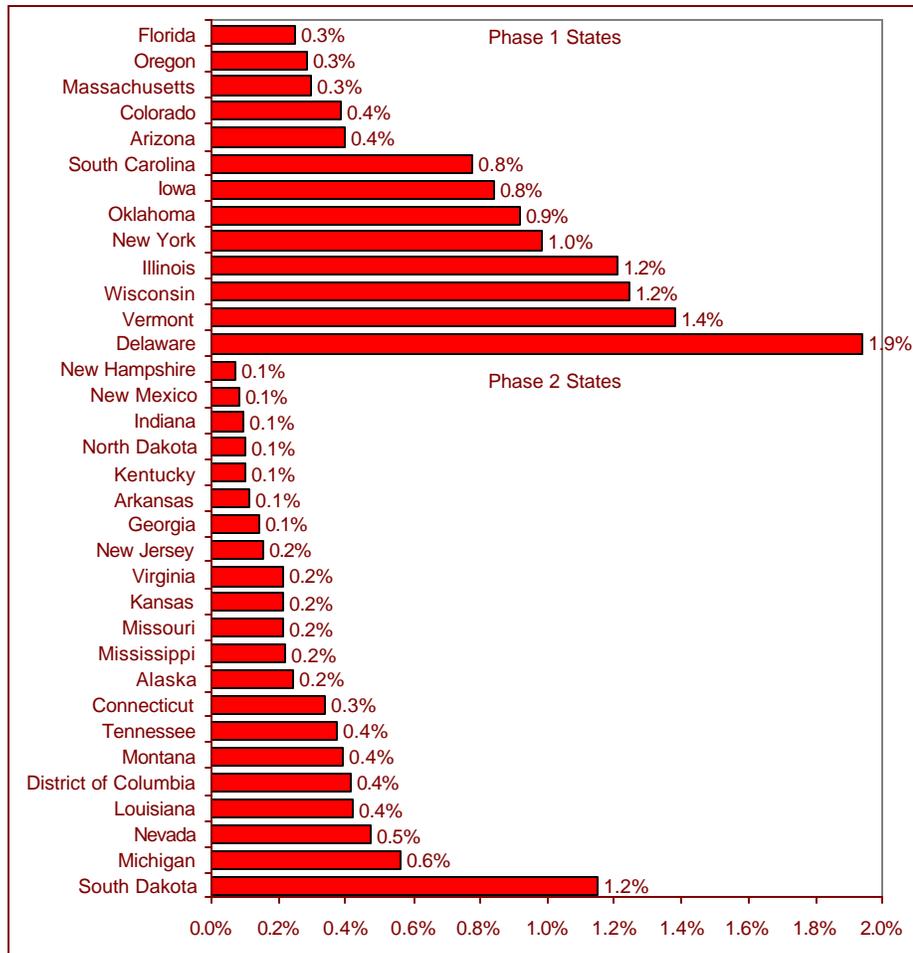
To understand the factors that drive participation, we estimated participation rates for several subgroups of Phase 1 participants. We focus on Phase 1 states because the states' earlier rollout has given beneficiaries a longer chance to participate. The subgroups are defined by beneficiaries' characteristics (including demographics and primary disabling conditions) and by their state of residence. Readers are cautioned that these simple cross-tabulations may mask the true determinants of participation because of covariation among characteristics. In a subsequent report, we will use more sophisticated analysis methods to study the relationships between participation and individual characteristics, holding other characteristics constant.

The most interesting finding from this analysis is that a few major subgroups participate at rates substantially higher or lower than the overall 0.7 percent rate. For example, young beneficiaries participate at higher rates than older beneficiaries. Those in the youngest age group (ages 18 to 24) have a participation rate of 2 percent in the Phase 1 states (Figure IV.8); however, the participation rate declines steadily with age and is only 0.1 percent for those ages 60 to 64. In fact, for the 53 percent of eligible beneficiaries who are over age 50, the participation rate is only 0.3 percent. As a result, while only 22 percent of eligible beneficiaries are under age 40, 45 percent of TTW participants fall in that age group.

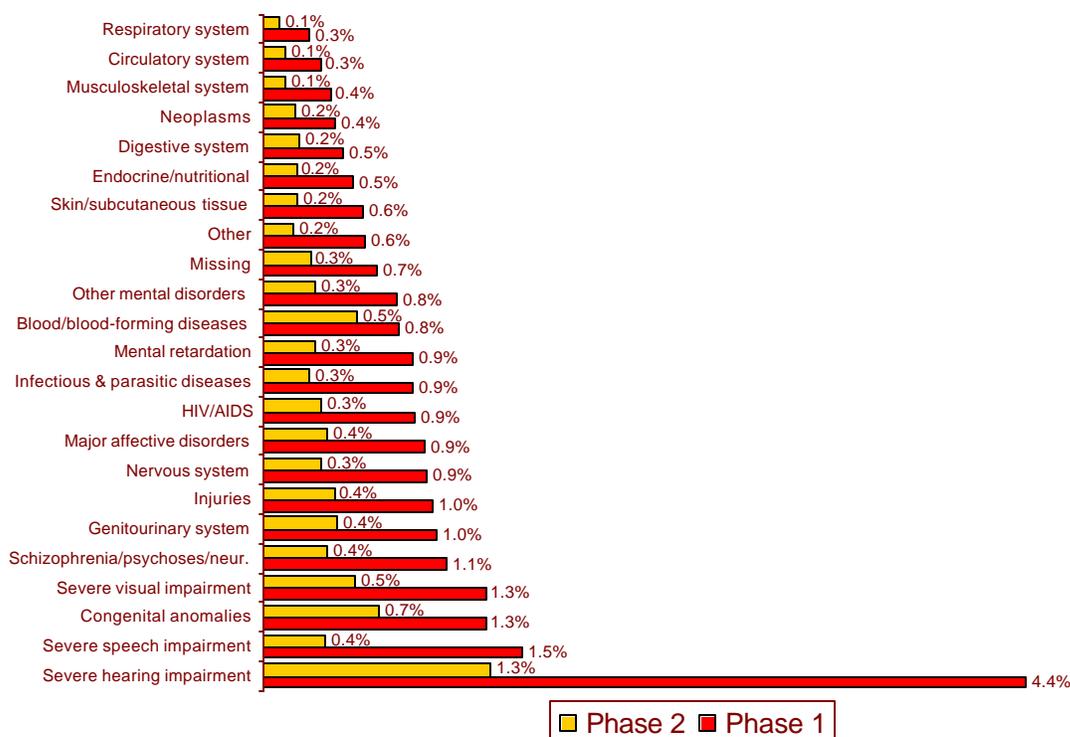
**Figure IV.8: Ticket Participation Rates by Age, August 2003**

We also found that the participation rate is much higher than average in some Phase 1 states and much lower in others—ranging from 0.3 percent in Florida, Oregon, and Massachusetts to 1.9 percent in Delaware (Figure IV.9). Interestingly, a few Phase 2 states already have participation rates that exceed those of some Phase 1 states, most notably South Dakota (1.2 percent). As the evaluation progresses, we will investigate why variation across states is so substantial. We have found that SVRAs differed greatly in their responses to the introduction of TTW, and it seems likely that such variation has contributed to differences in participation rates. It might also be that SVRAs varied substantially in the extent to which they served beneficiaries before TTW. In addition, it is likely that the explanation for variation in participation rates involves variation in significant other factors, such as the characteristics of beneficiaries, state policies and programs (including whether the state has a Medicaid buy-in program for people with disabilities), a state's economy, the socioeconomic status of the state's residents, and the state's culture.

We also observed substantial variation in participation rates related to the primary impairment category that SSA records during the disability determination process (Figure IV.10). The category with the highest participation rate in Phase 1 states is severe hearing impairments (4.4 percent), but that group includes just 0.9 percent of eligible beneficiaries in those states. Impairment groups accounting for at least 5 percent of eligible beneficiaries and higher-than-average participation rates include those with primary impairments related to the nervous system, schizophrenia/psychoses/neuroses, major affective disorders, and mental retardation. Groups with at least 5 percent of eligible beneficiaries and lower-than-average participation rates include those with a primary impairment related to the musculoskeletal system and the circulatory system.

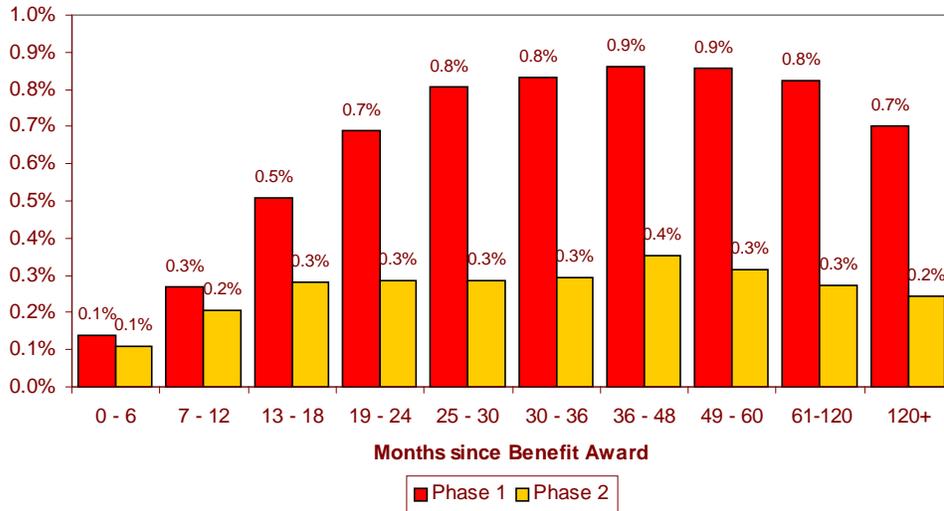
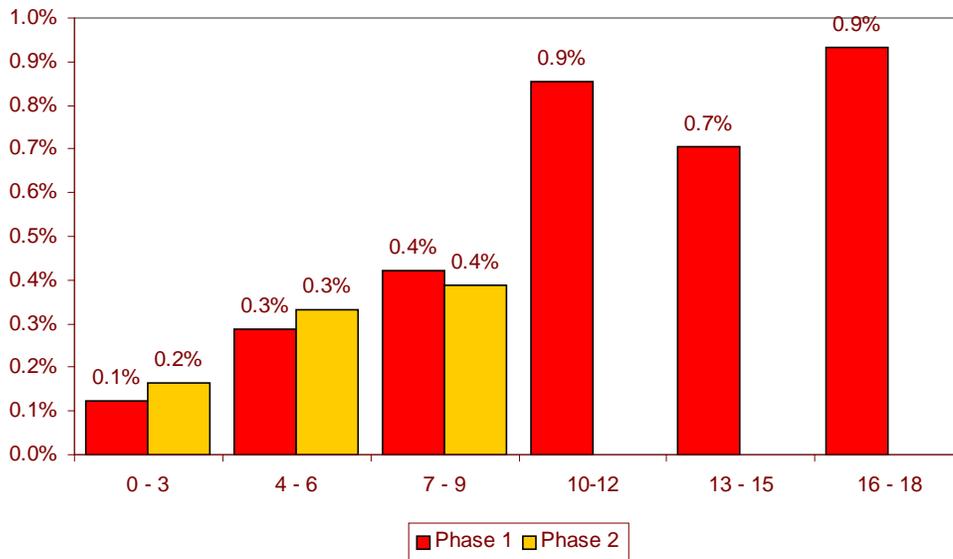
**Figure IV.9: Ticket Participation Rates by State, August 2003**

**Figure IV.10: Ticket Participation Rates by Primary Impairment, August 2003**



Participation rates increase with the length of time a beneficiary has been on the DI or SSI rolls until he or she reaches 24 months on the rolls. After that point, participation rates are relatively constant through month 120 (10 years) and then decline somewhat for those who have been on the rolls for longer (Figure IV.11). The figures suggest that many beneficiaries pass through a lengthy period in which they are adjusting to their new status as a beneficiary and, in many cases, their new medical condition before they are ready to attempt work. The figures could also point to new beneficiaries' insecurity over benefits, as many will have spent months convincing SSA that they cannot work. Some DI beneficiaries might wait until they obtain Medicare benefits, which start only after beneficiaries have received cash benefits for 24 months.

The experience of the program through 18 months shows that the longer a beneficiary has a Ticket, the more likely that he or she will use it (Figure IV.12) up to some point. Over the first 10 months, the experience in Phase 2 states is similar to that in Phase 1 states, reinforcing a point made earlier: participation growth in Phase 2 states seems on track to approximate the experience in Phase 1 states. In the Phase 1 states, the rate in months 10 through 12 is actually higher than in months 13 through 15, although lower than in months 16 through 18. This pattern appears to be attributable, at least in part, to the pattern of TTW rollout in Phase 1 states. In particular, the vast majority of beneficiaries who have had their Tickets from 10 to 12 months in the Phase 1 states reside in New York, which experienced slower rollout; therefore, perhaps the figure for that period represents relatively high participation in that state.

**Figure IV.11: Ticket Participation Rates by Months Since Benefit Award, August 2003****Figure IV.12: Ticket Participation Rates by Months Since Ticket Mailed, August 2003**

Finally, we observed three other particularly interesting participation patterns in the Phase 1 states:

- The 4 percent of eligible beneficiaries that asked SSA to send them notices in Spanish participate at a substantially lower rate (0.2 percent) than the 95 percent of beneficiaries mailed notices in English (0.8 percent) in the Phase 1

#### *IV: Early Participation Patterns*

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states. This finding suggests that language is a barrier to participation for some, although it could also be related to the relatively low participation rate for all eligible beneficiaries in Florida.

- Concurrent beneficiaries participate at a rate that is higher than the rates for either SSI-only or DI-only beneficiaries. This finding could be related to the different incentives that beneficiaries and providers face but might also reflect variation in other characteristics across these groups, especially age.<sup>4</sup>
- Male and female beneficiaries have nearly identical participation rates.

### 3. Variation in Provider and Payment Type

For beneficiaries using Tickets in the Phase 1 states, both provider type and payment type vary substantially by state and by age. We did not find notable relationships between these variables and other characteristics.<sup>5</sup>

The percentage of in-use Tickets assigned to SVRAs varies from virtually 100 percent in Vermont to 55 percent in Arizona, with only three states exhibiting values less than 80 percent (Figure IV.13). The percentage of Tickets assigned under the traditional VR payment system follows a similar pattern, but there are a few exceptions because some SVRAs made more use of the new payment systems than others. Notably, while Vermont, Oklahoma, and Delaware rank first, second, and third in terms of percent of Tickets assigned to the SVRA, they also rank fourth, first, and seventh, respectively, for the percent assigned to one of the new payment systems. Only seven states have a substantial share of Tickets assigned under outcome-only payments; Vermont has the largest share, 27 percent, with only one other state having more than 10 percent (Oregon at 15 percent). We suspect that the variation is related to the same complex mix of factors that determine cross-state variation in participation rates, particularly the actions taken by SVRAs.

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<sup>4</sup>Ticket payments are higher for both DI-only and concurrent beneficiaries than for SSI-only beneficiaries, and the value of payments relative to benefits is higher for concurrent beneficiaries than for DI-only beneficiaries. At an earlier stage of the rollout, an analysis of participation by title showed that, after controlling for age and other characteristics, concurrent and DI-only beneficiaries participate at the same rate, and both participate at a higher rate than SSI-only beneficiaries (Livermore et al. 2003; Appendix E).

<sup>5</sup>In assessing whether a relationship was noteworthy, we considered both the extent of variation in the two variables and the number of in-use Tickets in the relevant groups. The latter is small in many instances. For instance, we found that 20 percent of beneficiaries with digestive disorders used ENs compared with just 9 percent overall. Though this percentage is very high relative to values for other groups, those with digestive disorders represent only 0.7 percent of all beneficiaries with Tickets in use.

**Figure IV.13: Distributions of Provider Type and Payment System by State, Phase 1 Only, August 2003**



**Figure IV.14: Distributions of Provider Type and Payment System by Age, Phase 1 Only, August 2003**



The likelihood that a Ticket is assigned to an EN increases with beneficiary age (Figure IV.14). Similarly, the likelihood that a Ticket is assigned under each of the new payment systems increases with age.

**C. SYNOPSIS OF PARTICIPATION FINDINGS**

As of August 2003, 5.1 million Ticket-eligible beneficiaries have been mailed Tickets in the Phase 1 and 2 states. The most interesting statistics on participation come from Phase 1 states, where the initial rollout mailings concluded in October 2002. Only 0.7 percent of eligible beneficiaries in those states were using their Tickets in August 2003, although the participation rate has been increasing steadily. Further, the vast majority (86 percent) of those assignments was to SVRAs under the traditional payment system. In addition, the number of Tickets assigned to SVRAs continues to increase in the Phase 1 states while the number assigned to ENs has leveled off. Of the two new payment systems, most Tickets are assigned under the milestone-outcome system rather than the outcome-only system.

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There is a strong negative relationship between participation rates and age, with those in the youngest age group participating at a 2 percent rate and those in the oldest age group at a rate of 0.1 percent. Although they represent only 22 percent of eligible beneficiaries, 45 percent of Ticket participants are under age 40. We also found that provider and payment type vary with participant age; the percentages assigning their Tickets to an EN and using each of the new payment systems increase with age.

Participation rates also vary widely among Phase 1 states, from a low of 0.3 percent in three states to a high of 1.9 percent in one. A few Phase 2 states already have participation rates in excess of those in some Phase 1 states. Provider and payment type also vary widely across the Phase 1 states. The percentage of in-use Tickets assigned to SVRAs varies from virtually 100 percent to 55 percent, and the percentage assigned under the traditional payment system varies from 95 to 52 percent. A few states with particularly large shares of in-use Tickets assigned to SVRAs also have relatively large shares assigned to one of the new payment types, reflecting heavy use of one of the new payment types by each of the SVRAs in those states.

We also found that participation rates increase sharply with the number of months a beneficiary has been receiving disability benefits up to four years. Among impairment groups that constitute at least 5 percent of eligible beneficiaries, participation rates are relatively high for the groups with schizophrenia/psychoses/neuroses (1.1 percent), major affective disorders (0.9 percent), mental retardation (0.9 percent), and nervous system disorders (0.9 percent) and relatively low for musculoskeletal system (0.4 percent) and circulatory system (0.3 percent) disorders. One smaller impairment group, severe hearing disorders, has a participation rate that is much higher than any other (4.4 percent).

As mentioned in the introduction, subsequent reports will analyze these patterns in more detail, particularly the extent to which specific characteristics influence participation after controlling for the effects of other characteristics. We will also pay close attention to factors that explain why participation rates vary among states and whether those states provide lessons for increasing future participation.

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## CHAPTER V

### CASE STUDIES OF EIGHT EXPERIENCED TTW PROVIDERS

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Previous chapters have shown that numerous organizations signed contracts with SSA to serve as ENs and many of these entities have begun providing services in Phase 1 and 2 TTW states. During summer and fall of 2002, Livermore et al. (2003) conducted case studies of 43 providers—the SVRA in each of the 13 Phase 1 states, 27 ENs across these states, and 3 national ENs—to describe the variability in their service approaches and the early implementation issues these providers faced. This chapter revisits the topic of EN operations one year later to see how their experiences under TTW are evolving. In August and September 2003, the evaluation team conducted follow-up telephone interviews with eight providers previously studied: AAA TakeCharge (TakeCharge), Arizona Bridge to Independent Living (ABIL), Career Consulting Services of America (CCSA), Employment and Employer Services, Inc. (EES), Glick and Glick, Integrated Disability Resources (IDR), Marriott Foundation Bridges from School to Work (Bridges), and the Oklahoma Department of Rehabilitation Services (DRS). We selected these ENs because they:

- Are relatively mature or experienced, having served Ticket holders since early in Phase 1
- Are among the ENs that have the highest number of Ticket assignments and they have received the highest total TTW payments<sup>1</sup>
- Represent a range of service models and business types (i.e., ENs and SVRAs acting as an EN, national and local, public and private, non-profit and for-profit)

Detailed write-ups of the experiences of the eight ENs are presented in Appendix B. The write-ups describe the ENs' implementation and service delivery approaches, early implementation experiences, and implementation status at time of follow-up, blending information collected at both time points. Table V.1 presents selected characteristics of the

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<sup>1</sup>As of early August 2003, these eight ENs collectively accounted for 52 percent of the total payments (approximately \$220,000) SSA made to all ENs for Ticket beneficiaries.

eight ENs as well as background information that illustrates some of their key similarities and differences.

**Table V.1: Overview of the Case Study ENs (Status as of August 2003)**

Name	Type	Service Area	Ticket Assignments		Payment Option Selected	Number of Payments Received	Number of Beneficiaries for Whom Payments Received	Total Amount Received
			At Initial Contact in 2002	Fall 2003				
AAA TakeCharge	Private, for-profit	National	30	316	Outcome-only	23	5	\$5,908
ABIL Employment Services	Private, nonprofit	Phoenix, AZ	100	117	Milestone-outcome	95	31	\$35,580
Career Counseling Services	Private, for-profit	Wisconsin and Illinois	40	60-70	Milestone-outcome	26	11	\$9,027
Employment and Employer Services	Private, for-profit	Chicago, IL	130	107	Milestone-outcome	39	16	\$10,931
Glick and Glick	Private, for-profit	Formerly national; now only Florida	234	23	Milestone-outcome	52	18	\$13,440
Integrated Disability Resources	Private, for-profit	National	28	137	Milestone-outcome	23	12	\$6,899
Marriott Foundation Bridges from School to Work	Private, nonprofit	Chicago, IL	15	22	Milestone-outcome	22	4	\$5,383
Oklahoma Department of Rehabilitation Services	Public, nonprofit (SVRA)	Oklahoma	367	1,125	Milestone-outcome	86	25	\$26,983

SOURCE: SSA OESP payment data, SSA OIM Ticket assignment data, and interviews with ENs.

The remainder of this chapter presents a synthesis of the information obtained from the eight case-study ENs. We highlight similarities and differences in the ENs' experiences using multiple examples and detailed descriptions to illustrate the main findings. The topics covered include: service models and targeted clients; outreach, screening, and Ticket assignments; prior related experience; payment system choice; relations with SVRAs and other organizations; factors affecting EN ability to help clients achieve positive outcomes; and both major and minor problems that the entities have had in operating successfully as ENs, in particular problems with financial viability. While the eight ENs are not representative of all ENs operating under TTW, their extensive TTW experience very likely means that other ENs with less experience may soon face some of the same issues.

## **A. SERVICE MODELS AND TARGETED CLIENTS**

The selected ENs represent a wide range of service models in terms of the type and amount of assistance they provide. This diversity seems to reflect one goal of the Ticket Act—to foster an increasing variety of work-related services for disabled beneficiaries. An EN’s service model is, of course, inextricably linked with the types of beneficiaries it envisions serving; the two must correspond or else the program would not work. On this dimension, too, therefore, the ENs represent considerable diversity.

### **1. AAA TakeCharge**

TakeCharge is a “do-it-yourself” EN. It offers no training or job placement services; beneficiaries are solely responsible for finding their own jobs. In fact, it offers no in-person services or direct interactions between beneficiaries and staff, although beneficiaries can get questions answered via e-mail. TakeCharge’s “services” consist entirely of information posted on its website. Thus, it might reasonably be described as an “online” or “virtual” EN. Clients who assign their Tickets to TakeCharge can access a password-protected portion of the website to take vocational tests that may help to narrow their choice of an occupation; learn about job hunting strategies, resume preparation, and job interviews; obtain information on occupations that are in demand in their local areas; locate government-subsidized training programs that can prepare them for high-demand occupations; consult with adaptive equipment experts who can help determine how to adapt a particular job or task to their specific conditions and abilities; and learn about government health care coverage issues such as how to resume Social Security benefits if needed and how to communicate effectively with SSA.

The key feature of TakeCharge’s service model is that it pays each client 75 percent of the Ticket outcome payments it receives from SSA on his or her behalf. This amounts to approximately \$245 per month for DI beneficiaries and \$150 per month for SSI-only recipients. The shared Ticket payments are intended to help clients stay in the workforce by providing money clients can use for transportation, child care, work clothes or any other expense associated with holding a job, advancing in a career, or running a business.

TakeCharge’s business model has remained consistent since it began operating as an EN under TTW. No changes were made during the year between the two interviews.

TakeCharge is clearly aimed at beneficiaries who need few or no services to get and keep a job that enables them to earn at least \$810 per month (the level SSA has established for 2004 for indicating substantial gainful activity, SGA). The website notes that out-of-work beneficiaries should sign up with TakeCharge only if they intend to become financially independent of Social Security disability payments and believe they can find work on their own. Beneficiaries who are already working are told that TakeCharge is appropriate only if they intend to continue working and to increase their earnings to the point that monthly SSA cash payments will stop.

## **2. Arizona Bridge to Independent Living**

ABIL acts as a staffing agency, conducting job development, job search, and placement activities on behalf of its clients. When necessary, it acts as an advocate for clients, providing peer support and assisting them with any work issues or barriers they encounter. Staff conduct workshops to prepare clients for job interviews, emphasizing the importance of promptness and preparedness when interacting with potential employers. They make extensive use of the Internet to locate jobs and assist job seekers in submitting resumes. The EN does not assist clients with resume preparation or job search skills, nor do they provide rehabilitation, assistive technology, or other costly services. All that clients are required to do is attend the job interviews that have been arranged for them; those who fail to do so have their Tickets unassigned and returned to them.

ABIL selects participants who are ready and willing to work full-time. It does not accept Tickets from beneficiaries who want to work part-time or from home, or from individuals who need long-term training. Clients who require education, training or other resources to address employment barriers are referred to other providers such as One-Stop career centers or the Arizona SVRA.<sup>2</sup> In deciding whether to accept a Ticket, ABIL does not concern itself with whether an individual is on SSI or DI or with the type and severity of an individual's disability.

## **3. Career Consulting Services of America (CCSA)**

CCSA provides job development and placement services to individuals with disabilities throughout Wisconsin and Illinois. It is staffed by a husband and wife team and funded through contracts with Wisconsin's SVRA, the Veterans Administration, and other state agencies. CCSA works with individuals who are employment ready, that is, individuals who do not need extensive training or employment preparation. In addition to employer contacts, CCSA services include resume assistance, interview coaching, and acting as an employee advocate and liaison with employers. If CCSA staff identify service needs among prospective clients that it cannot provide (e.g., assistive devices or other equipment, vocational training), CCSA refers the individual to the SVRA.

Each applicant for services under TTW receives a letter describing both the CCSA's and the individual's responsibilities, and includes the individual work plan (IWP) and a release to obtain additional information about the beneficiary. Also included is a release permitting CCSA to obtain wage information, which must be completed as a condition of receiving services. This enables CCSA staff to contact employers directly, providing a copy of the release, and requesting that the employer send the wage documentation directly to CCSA. If the individual does not return those forms, another letter is sent. Only after the completed forms are returned does CCSA begin providing services.

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<sup>2</sup>ABIL would like to expand its services to provide job training and assistive technology, but will not be able to do so unless and until its financial situation improves, an issue addressed later.

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Although the director was initially advised by other service providers not to participate in TTW, CCSA staff indicated that the organization has experienced excellent outcomes with Ticket holders. CCSA staff note that it has had an easier time placing SSA beneficiaries than it has had placing SVRA clients because the former appear more motivated to work. CCSA has placed its TTW clients in a variety of jobs, ranging from professionals and top-level executives to janitors and truck drivers. CCSA staff estimate that they currently have 60 to 70 Ticket assignments and the organization is eagerly accepting more.

#### **4. Employment and Employer Services (EES)**

EES developed a service model generally similar to the models of ABIL and CCSA. EES provides primarily job preparation and placement services. The EN offers weekly job club meetings where clients practice interview skills and discuss employment issues. Staff also provide services such as resume assistance, job search, and minimal computer training for beneficiaries seeking data entry and clerical positions. The EN does not provide vocational/job readiness training or long-term rehabilitation services.

In deciding whether to serve a potential TTW client, counselors assess their ability to work full-time in jobs that pay at least \$7.00 per hour. EES will not accept Tickets from applicants looking for part-time work or judged unlikely to succeed in the workplace; these applicants are referred to a more appropriate service provider, such as the Illinois SVRA. Staff did not believe that participation in DI versus SSI affected a clients' ability to succeed.

#### **5. Glick and Glick**

Glick and Glick, like the two ENs described immediately above, adopted a strategy of providing job placement assistance, including interview skills, resume development, and referral to potential employers. Staff determine potential matches by comparing the client's skills and interests with an extensive database of available positions categorized by the location, skill requirements, job description, wages, benefits, and hours required. The company has this data source from the employee-recruitment business it operated before TTW existed and that it continues to operate now as its primary enterprise. However, as a national EN, Glick and Glick conducts all staff-client interactions by phone or mail. Staff schedule interviews for Ticket clients, inform Ticket clients of upcoming job fairs, and provide up to four or five job leads at a time. The EN does not focus on serving clients with any particular characteristics; the main issue is a beneficiary's desire to work. As we will discuss later, the only change in Glick and Glick's service model since it started operating was a change in scope for financial reasons, moving from a national EN to one serving only the state of Florida.

#### **6. Integrated Disability Resources (IDR)**

IDR is a multi-faceted job placement and support agency that primarily serves individuals on long-term disability who are referred by insurance companies. Working with a network of vendors across the country, IDR provides job placement, vocational rehabilitation, peer support, and other services as needed. IDR also assists beneficiaries with childcare, transportation and other support. Some services are provided directly by IDR

staff, but a large network of experienced vendors provides the bulk of services under contracts with IDR.

IDR identified and recruited for TTW individuals it was already serving through its existing contracts with insurance companies—clients who receive private long-term disability and SSDI benefits. These beneficiaries seemed the most logical group to serve, and IDR anticipated a high success rate. IDR also expected to elicit referrals from provider agencies in the company’s national network of vendors, assuming that many of the smaller providers it works with would be unable to afford the up-front costs of providing services under the TTW payment schedule.

IDR also anticipated a small number of Ticket assignments from what staff refer to as “retail clients”—individuals who contact IDR after receiving their Tickets. To convince IDR’s Board of Directors to allow the firm to work with retail clients, staff had to conduct extensive modeling to show that the firm was likely to succeed with this population. The modeling had to demonstrate: that IDR had the ability to find employment for these clients; that the probability of job retention among these individuals was high; and that it would be feasible to track client earnings over 60 months. IDR did not anticipate that this group would represent a large client base without significant marketing. Despite minimal outreach efforts IDR ended up receiving a very high number of calls.

According to agency staff, extensive delays in receiving payments from SSA have made the program so costly to operate that IDR can only afford to accept Tickets from beneficiaries who it believes can be successfully placed with very low up-front costs. In addition, IDR is accepting fewer Tickets from its retail clients and is accepting no Tickets from those on SSI. IDR would like to accept a larger number of Tickets from beneficiaries who may require more costly, long term services, but feels it is not financially viable to do so at this time.

## **7. Marriott Foundation Bridges from School to Work**

The Bridges program represents a substantially different service model than all the other ENs studied. Officials decided to begin functioning as an EN in order to tap into an additional funding source for the SSI youth that the Bridges program was already serving through its youth employment program funded by the Workforce Investment Act (WIA) and the Marriott Foundation. Bridges staff believed that as many as 50 percent of its WIA clients were potentially eligible for TTW. By aggressively recruiting SSA beneficiaries to participate in the youth employment program, Bridges hoped to use TTW funds to expand its services. Staff believed that TTW funds could be used to provide longer-term job retention and post-employment services to clients if Bridges could get them working at SGA. The program seeks to place TTW clients in full-time jobs that pay \$7 to \$8 per hour. Placements include hotel, laundry, fast food, janitorial, and clerical work. Their hope was that the WIA funds would serve beneficiaries for the first 18 to 24 months and TTW funding would be used to provide follow-up services.

Clients who assign their Tickets to Bridges usually begin with a 10-week employment preparation course that focuses on career exploration, job seeking and interviewing skills, and job retention strategies. But Bridges will place clients in jobs immediately if they must enter the workforce more quickly for financial or other reasons. After the preparation course, Bridges offers job placement assistance, job coaching, assistance with obtaining job accommodation, and counseling about SSA and other benefits. Bridges also provides limited funds for transportation and purchasing interview clothing or uniforms, and they refer individuals to other agencies that fund childcare or other services.

After job placement, Bridges provides an extensive level of employment-support services, because of the severity of clients' disabilities. A staff member checks in with supervisors to monitor clients' performance and conducts ongoing case management, asking beneficiaries to check in on a weekly, then monthly, basis. Beneficiaries also can call her cell phone any time. Bridges counsels beneficiaries about their concerns, including problems with coworkers, accepting direction from more than one supervisor, scheduling work and outside activities, marital and parenting issues, and housing problems. The program holds a celebration whenever a beneficiary reaches an important milestone, such as a year of employment.

Initially, Bridges planned to serve TTW clients ages 17 to 25 and even enrolled a few individuals over age 25 as space was available. However, WIA funding only permits the program to serve people age 21 and under, and TTW funding did not cover the up-front costs of serving older participants. Therefore, after the first six months, Bridges altered its strategy to serve TTW participants ages 18 to 21. Most Bridges clients have learning disabilities; a few have psychiatric or cognitive disabilities. In deciding which Tickets to accept, Bridges also considers whether a potential client appears willing to perform work above SGA and has experience and marketable skills such as food service, janitorial, and file clerking. Skills are important because Bridges is not a job-training program.

## **8. Oklahoma Department of Rehabilitation Services (DRS)**

DRS is the Oklahoma SVRA and given that background it uses a service model that is distinctly different from the other ENs described above. DRS has no particular target group; it will serve all interested beneficiaries who meet state and RSA eligibility requirements for services. DRS operates like most SVRAs. Counselors provide client assessments and develop the Individualized Plan for Employment, and clients are often referred to one of the 58 community rehabilitation providers with whom DRS contracts for appropriate rehabilitation services. Such services can include anything from providing vehicle modifications and assistive technology to financing extensive training and education.

A few features of DRS may, however, make it unique in some respects from other SVRAs. DRS has participated in SSA's State Partnership Initiative (SPI) since 1998. Its SPI model of delivering services has focused on providing benefits planning to Social Security disability beneficiaries. Under the SPI project, it has also used a performance-based milestone payment method with providers that was in place for many years prior to the implementation of TTW. While the SPI project was directed at SSI beneficiaries with mental

illness, the focus on benefits planning and experience with a milestone payment structure has likely made agency staff more open to a performance-based service model and enabled DRS to implement this model more smoothly.

## **B. OUTREACH, SCREENING, AND TICKET ASSIGNMENTS**

The Ticket assignment data presented in Table V.1 is, in some respects, only the proverbial “tip of the iceberg” in terms of the ENs’ efforts to elicit business and respond to Ticket assignment requests. In some cases, the ENs have dealt, in one way or another, with far more beneficiaries than the number of Ticket assignments might suggest. Finding beneficiaries who can be served appropriately under TTW can be a challenge. Additionally, the ENs’ Ticket caseloads have changed over time in ways that may not be fully captured by the two Ticket assignment statistics listed in Table V.1. Below we summarize the case-study ENs’ experiences in recruiting and screening potential clients that led to Ticket assignments as well as unassignments.

At one end of the continuum is AAA TakeCharge, which conducts *no* marketing or outreach. Potential clients learn about TakeCharge from the Program Managers’ website or mailings, as well as through word of mouth, and essentially refer themselves to the EN. The website clearly explains TakeCharge’s service model and the type of beneficiaries who are (and are not) ideally suited for this EN. Those who would be inappropriate are encouraged to seek services from a different provider. The director does answer e-mail inquiries, but TakeCharge does not screen applicants; those who send in an application form are accepted, assuming they meet basic Ticket program eligibility rules.

Between the first and second interviews, TakeCharge’s assigned Ticket caseload grew tenfold.

AAA TakeCharge has not developed procedures for unassigning Tickets because this would add another level of administrative burden that the EN does not have the resources to support. Thus, at present, a client may take steps to unassign his or her Ticket, but the EN will initiate no such steps regardless of a client’s activity level. This probably explains, in part, why the number of beneficiaries for which the EN has received payments is low relative to the number of Ticket assignments; many Tickets may be assigned to TakeCharge even though the clients are not active in the program in any real sense.

ABIL provides an example of an EN that has increased its outreach efforts over time and has also been involved in extensive screening of individual beneficiaries. At the time of the initial interview, ABIL had not done any active marketing of its program to Ticket holders. Nonetheless, due to various referrals, it was receiving 10 to 15 telephone inquiries a day. The EN had received a total of about 900 inquiries, but screening efforts had resulted in their accepting only about 100 Tickets.

Potential clients first undergo a 15-minute screening on the phone, during which they must show enthusiasm for work. About 15 to 25 percent of those who complete the initial phone screening are sufficiently interested to pursue the next step, an in-person, small-group orientation session. Potential clients are given two opportunities to attend the orientation

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session. Those who miss their appointed time twice are referred to other providers. During the orientation, potential clients are told about TTW and SSA work incentive provisions. ABIL staff members encourage attendees to shop around for other service providers before making a decision about where to assign their Tickets. About 50 percent of those who attend the orientation continue pursuing Ticket assignment with ABIL. The third step involves a 60- to 90-minute one-on-one meeting with the director, during which she talks with clients about their goals and skills and identifies any possible barriers that may emerge as they formulate a plan for employment. It is during this interview that the director decides whether ABIL will accept the beneficiary's Ticket. Most that get to this stage are accepted, but sometimes before accepting their Tickets the director will require them first to address specific barriers to employment.

At the time of the recent follow-up interview, the total number of informational queries had risen to nearly 1,400, which had resulted in 220 IWPs being written. ABIL's director mentioned having pursued two active marketing strategies. First, the EN had contracted with a public relations firm to produce an informational video about TTW and ABIL services that is shown occasionally on television. Second, the EN tried making cold-calls to Ticket-eligible beneficiaries, but this strategy was not deemed effective and thus abandoned. Too many beneficiaries, they found, did not even remember having received a Ticket (let alone what it was for), and others reacted negatively, figuring the EN staff to be telemarketers who wanted to sell them something.

CCSA does not conduct marketing or outreach, but relies on referrals from the Program Manager as well as calls from dissatisfied clients of local ENs. Initially, CCSA operated an 800 number, but shut it down because costs were prohibitive. CCSA has received as many as 20 calls per day on or near Ticket distribution dates. Initially, CCSA screened only for interest in working full time, but found that individuals interested in working full time were not necessarily good candidates for immediate return to work. Because of difficulty in job placement, CCSA began to screen out individuals with vision and hearing impairments, severe mental illness with active psychotic symptoms, and people over age 60. CCSA tends not to accept Tickets from married individuals with working spouses because of its belief that such individuals are likely to be less motivated to work than are individuals with less-generous or less-stable sources of support. CCSA also asks all callers about their trial work period and extended period of eligibility status.

Significant numbers of beneficiaries who have assigned Tickets to CCSA are not actively participating in services or looking for work. However, CCSA does not initiate unassignment of these Tickets. If the beneficiary requests unassignment, CCSA instructs the Ticket holder to submit a written request to the Program Manager.

EES reported no need to actively promote its services as an EN because so few other ENs were active in the Chicago area; indeed, they received more contacts from Ticket holders than they could handle. Initially, EES accepted most Tickets that beneficiaries wanted to assign, but later became more discerning, accepting only individuals deemed most likely to succeed under TTW based on the services EES could provide. Less-suitable

candidates were referred to the Illinois SVRA, which, EES staff said, typically accepted the Tickets.

Glick and Glick's intake experience was similar in some ways to the above-described programs. Like EES, it got so many calls initially—over 100 per day at first—based on the information provided by the Program Manager that it did not need to do any outreach or marketing. This had fallen to 10 or 15 per day by the time of the first interview. With experience and increased program knowledge, staff was able to reduce screening phone calls from half an hour to a few minutes. Staff sought to gauge motivation and interest, and candidates who were determined not to be a good match were told to contact another EN or their SVRAs. Staff noted that, as of November 2002, about 30 to 40 percent of the initial phone interviews resulted in a Ticket assignment; they had generated about 300 Ticket assignments from approximately 800 phone screens. Now, however, Glick and Glick staff are more rigorously screening Ticket holders. Its operations have been scaled back dramatically and it has only one-tenth as many assignments as a year earlier. At first, Glick and Glick unassigned Tickets only when clients clearly were not actively participating in the activities specified in their IWP, for example, missing multiple appointments, or in rare cases when they were verbally abusive toward a staff member. Later, however, Glick and Glick purposefully unassigned most of its Tickets, a decision we describe in detail later.

IDR devotes considerable resources to TTW. Staffing levels have increased in the past year as TTW has been implemented in additional states. A formal marketing plan was developed to encourage Ticket assignments from among IDR's existing clientele. In addition, IDR works with its national network of vendors to encourage them to refer individuals on their caseloads to IDR's TTW program. IDR has engaged in very limited marketing directed toward its retail clients. These beneficiaries become aware of IDR through information provided by the Program Manager or from others who have contacted the agency. Despite this lack of marketing, IDR continues to receive an overwhelming number of calls from Ticket holders, requiring them to assign a full-time staff member to answer these calls, provide detailed information on the Ticket program, and conduct initial screening activities.

IDR mails interested beneficiaries a questionnaire to determine if they can be appropriately served by the agency. The questionnaire addresses a beneficiary's medical history, prior employment and educational experiences, and interest in work. The questionnaire specifically asks whether the beneficiary is interested in working at a level that will result in the individual losing his or her cash benefit. If the questionnaire reveals that the Ticket holder is interested in using the Ticket to work part-time but does not want to go off benefits, IDR is extremely reluctant to accept Ticket assignment.

IDR no longer accepts Tickets from SSI beneficiaries because they view them as too costly to serve given their limited employment histories and need for ongoing support. Screening procedures for SSDI beneficiaries now attempt to identify Ticket holders viewed as "job ready." IDR staff members believe that their TTW program is so costly to operate that it cannot provide vocational training or other costly upfront services. Based on the results of the screening questionnaire, IDR asks beneficiaries to participate in an individual

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interview. While this is time consuming and costly, it allows the agency to further explain the program and what is expected of participants. Once a Ticket holder has been accepted into the program, a counselor reviews all available information and begins developing an IWP. For some participants, IDR develop IWPs with the support of contract vendors.

Marriott's Bridges program was distinct from the above ENs in that, although it did receive calls out of the blue, it also pursued a targeted recruitment strategy. Specifically, it generated some of its Ticket assignments from former clients whom staff knew to be SSI recipients. Staff instructed these clients to request their Tickets and assign them to Bridges. At the time of the first interview, staff were still in the process of identifying SSI recipients from among its clients served with its WIA funds. Prior to the initial interview, the EN had accepted about a dozen Tickets from clients not already on its caseload, and they subsequently stopped accepting Tickets from any individuals not eligible for services under WIA. More recently, feeling they were operating at about capacity level, staff stopped accepting any new Tickets. Callers get a phone message describing the program but are referred elsewhere.

The Oklahoma DRS has used an outreach and screening approach that is unlike that of any of the other five case-study ENs. It is on the opposite end of the continuum from AAA TakeCharge in terms of the extensiveness of its marketing, but quite similar to TakeCharge in its willingness to serve virtually all interested individuals.

In preparation for TTW, DRS set up a toll-free number and sent letters to all beneficiaries on the VR caseload, alerting them to TTW and describing its features. At the time of our first interview with them, DRS was preparing to send a mailing to all beneficiaries in the state to stimulate interest. The agency anticipated receiving 30,000 to 50,000 calls in response, but had received only 1,500 at the time of the first interview. A special, centralized group, the "Ticket Unit," fields and screens all TTW-related calls so as not to burden field counselors. While Ticket Unit staff tell callers about potential program benefits, they also invite all callers to Ticket orientation meetings, in-person presentations at local One-Stop career centers, a format viewed as more effective than telephone discussions. The presentation includes a slide show describing available work incentives and uses a variety of scenarios to illustrate the potential impact of work activity on SSA benefits. Interested beneficiaries complete an application to determine eligibility. Applications are processed in three to five days, and Ticket assignment takes another week; the whole process is almost one month shorter than for DRS's usual eligibility determinations.

DRS will accept the Ticket of any eligible beneficiary who applies for services. At the initial visit in August 2002, DRS had approximately 225 milestone-outcome clients, which represented over 80 percent of Tickets assigned under this payment system to SVRAs in the 13 Phase 1 states. One year later, its Ticket assignment total had quintupled.

DRS does not have a policy of unassigning the Tickets of beneficiaries who do not appear to be making reasonable progress. Due to state budget shortfalls, however, DRS was forced to place many Ticket holders on a waiting list for services—many were on the waiting list for up to six months and could not proceed with writing IWPs. Staff recently reported

that the backlog of Ticket holders has diminished; most have developed IWPs and are currently receiving services.

### **C. PRIOR RELATED EXPERIENCE OF ORGANIZATIONS AND STAFF**

A major goal of the Ticket Act was to induce new providers to begin serving disability beneficiaries, perhaps giving them entrée to services they previously could not easily access. The case-study ENs encompassed diversity on this dimension—some were newly created, others had been in existence but were not necessarily working with SSA's disability population.

The director of AAA TakeCharge had prior experience, with another organization, providing employment and placement services for persons with disabilities. However, she created her company specifically in response to the TTW program.

ABIL is an agency with a long history of services for persons with a variety of disabilities. ABIL is a Center for Independent Living that provides peer counseling, independent living skills training, housing, limited vocational preparation, and other services. ABIL is also the BPAO grantee in Arizona. However, to expand into Ticket operations, ABIL created a special new division, the Employment Services Division. A unique characteristic of ABIL is that it is primarily staffed by individuals with disabilities, thus they are especially adept at understanding what is required to find and maintain employment as well as establishing credibility with TTW clients.

As noted previously, CCSA is staffed by a husband and wife team and is funded with contracts through the Wisconsin VR agency, the Veterans Administration, and other state agencies. The director, a man with a disability, founded the company based on his own experience and frustrations in finding suitable employment. The organization participated in SSA's Alternate Participant program, and experienced substantial difficulty collecting payments from SSA for services provided under that program. When first interviewed, the director anticipated encountering similar difficulties collecting payment under TTW and indicated that he will ensure that TTW participants will never constitute the majority of CCSA clients.

Though EES has existed since 1982, it is a new entrant into the field of disability services, drawn to this area by the initiation of TTW. It was a non-profit organization until 1989, when it converted to for-profit status. EES serves a variety of client populations. It operates three of the five Chicago-area One-Stop Centers and one suburban One-Stop Center, under contract with two Workforce Investment Boards: a Welfare-to-Work program and a program for dislocated workers. It also hired two staff members (counselors) with disability-related backgrounds—one had a background in mental health and the other is an occupational therapist.

Glick and Glick, like EES, was a pre-existing organization that decided to expand the scope of its operations into the TTW program. An employment agency operating since 1975, it has roughly 100 employees. Its core business is employment services; specifically, its clients are employers seeking to hire people whose characteristics would enable them to

claim employer tax credits. Through one of its programs, Glick and Glick has worked with unemployed and disadvantaged populations, including persons with disabilities. The focus of its prior efforts, however, was to fill job vacancies on behalf of its employer clients. TTW represents somewhat of a departure from its previous activities in that the individual is the client, rather than the employer.

Until TTW was implemented, IDR served only individuals who were referred from major insurance companies for rehabilitation, job placement, and other return to work services. IDR staff noted that the services required by their long-term disability cases were virtually identical to those needed by those considered retail cases. From a service perspective, the employment services and supports provided to these two populations differed very little. The differences between the two groups primarily relates to available funding. For long-term disability clients, IDR can receive funding from both an insurance company and SSA, but when serving retail cases, the agency must rely exclusively on payments from SSA.

Marriott's Bridges program also existed long before the creation of TTW, and was performing similar work for a portion of the Ticket-eligible beneficiary population. The program began in 1989 in Montgomery County, Maryland, and was replicated in Chicago in 1990. It focuses on youth ages 17 to 21 and the transition from school to work.

The Oklahoma DRS, as an SVRA, obviously had a strong connection with work-related services for disability beneficiaries long before TTW. To facilitate acting as an EN under TTW, DRS formed a "Ticket Unit" in its central office and ensured that all relevant staff were sufficiently trained on program details.

#### **D. CHOICE OF PAYMENT PLAN**

As shown earlier in Table V.1, seven of the eight case-study ENs operate under the milestone-outcome payment system; that is, all payments made on behalf of new clients will be made under that plan. Here, we try to provide some insight into their choices.

AAA TakeCharge chose the outcome-only payment system because it believed that system would be more easily understood by beneficiaries, that they would prefer getting 75 percent of a standard-sized, predictable monthly payment, more than getting 75 percent of milestone payments that would vary in size and timing. Beneficiary understanding is particularly important for the success of this EN, because of its do-it-yourself approach and its need to keep administrative costs to a bare minimum.

CCSA selected the milestone-outcome payment system because it would become eligible for milestone payments earlier than outcome payments. CCSA was also concerned about the requirement that clients must remain employed and that CCSA must document employment for five years to collect the full outcome payment.

Glick and Glick selected the milestone-outcome payment system because officials wanted to gauge the employment experiences of their early TTW clients before accepting what they believe to be a greater risk associated with the outcome-only payment system. This

statement, and the statements of Bridges staff noted below, suggests that this EN, and perhaps others in the future, may switch to the outcome-only system if greater experience and data-driven analysis show it to be financially viable.

Two of the ENs changed their payment systems after initial selection. Initially IDR planned to use the outcome-only payment system with the expectation that the bulk of its Ticket assignments would come from its existing caseload. This population posed little risk because IDR was already receiving payments for serving these individuals. As it became obvious that the majority of its TTW customers would be retail clients, IDR switched to the milestone-outcome payment system. IDR perceives the outcome-only payment system to be riskier than the milestone-outcome system, and with no outside funding sources for these clients, IDR was hesitant to assume any more risk than was absolutely necessary.

The Marriott Bridges program initially chose the outcome-only system, but switched to the milestone-outcome system prior to the first interview in fall 2002. Program officials came to believe that the young beneficiaries they serve (all are ages 18 to 21) generally would not have enough employment stability to generate the full number of outcome payments—that is, they would not remain employed above the SGA level for five years. For example, some early clients moved away and stopped working relatively soon, and the program collected no payments on them. Realizing they could have collected milestone payments on those clients (and on others like them in the future), EN officials changed their selection to the milestone-outcome payment system, which they figured would produce more revenue. As a result of the switch, Bridges currently receives payments under both systems, depending on which was in place when a client assigned his or her Ticket. Now, however, the EN would like to switch back to the outcome-only system, because, officials said, they would like to collect the larger monthly payments on behalf of some two dozen clients who are working consistently over SGA. The EN will have to wait, however, until the required time period passes before it can change its payment plan a second time.

For Oklahoma's DRS, the milestone-outcome payment system was a natural choice, officials said. Ten years earlier the agency had developed a milestone system for paying community rehabilitation programs. Under that system, community rehabilitation programs received up to eight milestone payments totaling \$9,000 (\$11,000 if the consumer was highly challenged) for each successful rehabilitation. The staff member who manages SSA reimbursement for the SVRA decides on a case-by-case basis whether to use the milestone-outcome option or the traditional payment system for each new Ticket assignment, depending on the agency's past experience assisting individuals with similar characteristics. For clients who are expected to receive services totaling less than \$5,000, DRS elects to be paid as an EN under the milestone-outcome payment system; for other, more-expensive cases they choose the traditional system. According to DRS staff, this flexibility has enabled DRS, acting as an EN, to receive payment for services that the agency would historically not have received under SSA's traditional payment system. For example, by selecting the milestone-outcome payment system for individuals with mental retardation or developmental disabilities in supported employment, DRS might secure three or four milestone payments. The agency would likely not be able to receive traditional payments for

these individuals, because they typically do not work up at SGA level for the nine-month period required by the traditional system.

### **E. RELATIONS BETWEEN ENS AND SVRAS**

As TTW was being developed, it was unclear what relationships would develop between SVRAs and other ENs. The case-study ENs have not worked much with SVRAs, but we learned of some recent initial efforts to do so. Even if collaboration has been minimal so far, some frameworks are being established that could allow for more extensive relationships in the future.

In the past year, AAA TakeCharge entered into an agreement with the Wisconsin SVRA to serve their clients. Under the terms of the agreement, TakeCharge will decline Ticket assignment for Wisconsin clients expected to consume \$10,000 or more in vocational rehabilitation services from the SVRA. These individuals will be served exclusively by the SVRA (or jointly between it and another EN). For individuals expected to consume less than \$10,000 in SVRA services, TakeCharge will be free to accept Ticket assignment. For those clients, when Ticket outcome payments begin and for as long as they continue, the Ticket holder will receive \$125 each month; TakeCharge will receive \$45 a month for DI clients, \$30 for SSI clients; and the SVRA will receive the balance of the payment. After developing the agreement, Wisconsin's SVRA mailed a letter explaining the agreement to approximately 100 Social Security beneficiary clients believed to be working at SGA and above, or believed to have the potential to work at levels higher than SGA. TakeCharge and Wisconsin officials anticipated that at least half of the group would assign their Tickets to the EN, but only one or two dozen did so. TakeCharge's director has discussed a similar agreement with the New York SVRA, but nothing had been finalized at the time of the second interview.

At the time of the initial interview, ABIL had established an agreement with the Arizona SVRA that would allow the EN's clients to access long-term training and high-cost accommodations. This option has yet to be exercised, however, because ABIL still does not accept Tickets from beneficiaries with needs that would require services from the SVRA.

IDR explored the possibility of establishing a formal relationship with the SVRAs in Connecticut and Florida, but to date has not entered into any VR-EN agreements. Staff indicated that at one point IDR was close to developing a formal relationship with the Connecticut SVRA, but significant downsizing within the SVRA delayed negotiations and no discussions are underway at this time. IDR does not believe that entering into formal agreements with SVRAs is in its financial interest, and also indicated that negotiating these agreements consumes significant staff time.

CCSA has a contract with the Wisconsin SVRA, but the director did not believe the contract to be beneficial to his firm. The EN is sharing a number of Tickets with the SVRA, but specific payment arrangements have not been finalized. The director cited several problems, including (1) SVRA counselors and office directors do not understand the details of TTW, and (2) many of the SVRA counselors presume it is their responsibility to "grab the Ticket" before an EN can accept it, an attitude that alienates CCSA. The director sees one

advantage in having the SVRA accept the Ticket: beneficiaries can obtain costly equipment or services from the SVRA that CCSA cannot provide.

For the other case-study ENs, typically their only connections with SVRAs consisted of recommending that individuals who need vocational training assign their Tickets to the local SVRA instead of the EN. Glick and Glick interviewees said they had considered the possibility of working with SVRAs, but had not signed any agreements mainly because as a national EN they thought it would be a major undertaking. Company officials also described wanting to maintain a clear distinction between their traditional business and their TTW placement efforts so that they could avoid giving SVRAs and other ENs the impression that they are attempting to “steal” those other agencies’ TTW clients, when they are really just doing job candidate recruitment under their main line of business. SVRAs are a source of job candidates Glick and Glick uses to fill vacancies for its employer clients. They want to avoid any perceptions that might undermine the success of their non-TTW programs.

Oklahoma’s DRS reported conducting fairly extensive outreach to potential ENs in the state. During the past year, DRS staff gave presentations about the TTW program at all 12 One-Stops in the state, inviting interested organizations to the nearest orientation session. Approximately two-thirds of the organizations reportedly applied to become ENs. DRS staff stated, however, that interest in the program has “fizzled,” and few if any organizations are applying now. At present, DRS staff conducts bi-weekly orientation meetings in Tulsa and Oklahoma City, and in other locations as needed.

Oklahoma officials also developed a standard agreement form for ENs that wish to use DRS for their TTW clients. Under this agreement, an EN can purchase DRS services without having to pay for them up front. DRS reportedly accepts considerable risk that it will never be fully paid for services provided under these agreements. To date, the agency has no signed agreements with any ENs. Oklahoma officials note that ENs in the state realize that they can send their TTW clients to DRS for services regardless of the presence of a signed agreement and that DRS will serve them.

DRS staff believes, in general, that there will be a division of labor between SVRAs and other ENs. In particular, they expect that other ENs will tend to serve the “easy cases” and refer individuals with more complex and expensive training needs to SVRAs. In their opinion, this practice will not achieve one of the TTW’s goals—to provide individuals with more significant disabilities a choice of rehabilitation providers—but they concede that, overall, more individuals may potentially be served under TTW than under the old system.

## F. RELATIONS WITH OTHER ORGANIZATIONS

Some interviewees mentioned having worked, even if briefly, with two other key players in the TTW and vocational rehabilitation system: Benefits Planning and Outreach Assistance (BPAO) programs and SSA field offices. Their experiences with these organizations were mixed, as summarized below.

**BPAO Programs.** Most of the ENs we spoke with had positive things to say about their local BPAO and said that the benefits planning program was one of the most beneficial components of TTW. Several ENs refer clients to the BPAO as part of their service packages. As noted previously, ABIL is also the BPAO grantee in Arizona and refers all its TTW clients to BPAO-sponsored orientations on work incentives. EES staff described referring beneficiaries to the local BPAO when they start to work. Glick and Glick staff originally referred to BPAOs Ticket holders who needed information about how employment would affect their benefits. After a bad experience with one BPAO, however, Glick and Glick decided to rely on its own staff or make referrals to SSA rather than a BPAO. CCSA refers clients to the BPAO if they have questions about how employment will affect their benefits. Oklahoma DRS counselors refer individuals with complicated cases (estimated at 5 to 10 percent of all cases), including all concurrent beneficiaries, to a BPAO for individualized benefits planning. DRS staff received training in work incentives from staff of the BPAO program (and also from the local SSA Employment Support Representative). IDR had expected that the BPAO would be in contact with SSA and have all of the necessary information for beneficiaries. In reality, IDR has found that the BPAO does not always have the information clients need, and that people end up having to contact SSA for assistance.

**SSA Field Offices.** The ENs reported a mix of low-level interaction with SSA field offices. ABIL's director said her EN had established a strong working relationship with the SSA field office, despite her view that the field office had not been as involved in increasing awareness about TTW as she would have liked. Requests to use field office space for meetings with clients have been denied. EES staff reported difficulty in obtaining information about trial work periods from field offices. At first interview, Bridges staff stated the same complaint, but said they eventually resolved these issues by working with the Employment Support Representative working in the Chicago area. This EN also had a strange experience related to marketing. Field office staff had announced that EN marketing materials had to be approved, but when Bridges sent in copies of fliers and brochures about its services, they never heard back from the field office. Another time, when Bridges asked the field office for work history information on one client, the field office charged the EN \$1 per page. Regardless of these incidents, however, Bridges staff told us they later were able to develop a better relationship with the SSA field office. Finally, Oklahoma's DRS reported having close working relationships with local field offices.

## **G. FACTORS AFFECTING PROVIDER ABILITY TO ACHIEVE POSITIVE OUTCOMES FOR BENEFICIARIES**

The case studies identified a variety of factors that reportedly help or hurt provider efforts to assist beneficiaries.

### **1. Challenging Factors**

EN officials cited several factors that made it difficult (or, at least, more difficult than they may have originally expected) to assist some beneficiaries in obtaining and sustaining employment in ways that stood a good chance of leading to milestone or outcome payments. These factors generally correspond to the barriers to employment we described in Chapter I. It was not uncommon for the case-study ENs to report having to place some clients multiple times. In one extreme example, an EN reported placing one client seven times.

**The Economy.** Several ENs noted that the economy and its soft or shrinking job market has made it more difficult to place both TTW and other clients. CCSA's director noted that the industrial sector has declined consistently for the past 36 months. EES reported that some beneficiaries placed in full-time jobs had their positions reduced to part-time; their subsequent lower earnings made them eligible once again for benefits and thus the EN was unable to collect any payments.

**Beneficiaries' Attitudes and Motivation.** EES staff said that one reason its TTW clients take longer to place than its other clients is that the former take longer to envision themselves working. Helping them develop the necessary interest and confidence—overcoming fears and insecurities about their ability to find and keep a job—can require a substantial amount of personal counseling. A Bridges staff member noted that many of their clients lack motivation and a sincere desire to work. Similarly, Glick and Glick mentioned that some clients do not appear sufficiently interested in the program—after their initial enthusiasm about going back to work wanes, they do not return staff phone calls. Interviewees also said some beneficiaries are perhaps too specific or particular about the types of jobs they are willing to accept. ABIL's director described how some clients have unreasonable or unrealistic expectations about the extent to which employers will accommodate their unique needs, and how others do not want to work full time—whereas most jobs are full time and full-time work is necessary in many cases for the individual to achieve earnings above the SGA level. CCSA's director held a different viewpoint. He said that Ticket clients were easier to place than SVRA or Veteran's Administration clients because they are motivated to work.

**Beneficiaries' Experience and Abilities.** Glick and Glick representatives noted that many of the beneficiaries they had served had little work experience and could only qualify for entry-level positions paying minimum wage. Because the SGA level is adjusted upward annually based on inflation, they believed that it will be increasingly difficult for low-skilled

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beneficiaries to meet that standard.<sup>3</sup> IDR no longer accepts Tickets from SSI beneficiaries, in part because of their minimal employment experience. According to ABIL's director, sometimes the issue is over-qualification; some clients have had fairly extensive work experience or advanced skills that make them difficult to place in lower or entry level jobs that are more readily available. Other times placement is difficult because of the length of time experienced workers have been out of the labor force.

**Discrimination.** The director of CCSA believes that people with disabilities still encounter discrimination. In his experience, individuals with disabilities need twice as many contacts and ten times the number of interviews to get a job, relative to individuals without disabilities. He views his marketing role as very important; he needs to "sell" individuals to an employer and sell the employer to the individual. In conversations with employers, he does not make specific references to a disability, SSA, or the SVRA. He presents himself as someone in the legal or personnel profession. When submitting resumes to employers on behalf of clients, CCSA includes a notice to employers, warning that employment discrimination against individuals with disabilities is a violation of federal law. He believes that including warnings in various materials improves placement rates.

## 2. Helpful Factors

Interviewees were not just focused on the factors that negatively affected their ability to place Ticket holders in employment. Some cited factors that they believed helped them to assist beneficiaries in achieving positive employment outcomes. The director of ABIL identified several such factors: minimal EN competition in the service area; having a substantial funding base at start-up; a staff made up of people with disabilities who can easily relate to clients; focusing on placement services rather than VR services; and close organizational connections to other helpful entities such as a BPAO program, a Center for Independent Living, the SVRA, and SSA field offices.

Having substantial prior job placement experience, such as Glick and Glick has, may also be an important factor. Having not just familiarity with the business in general, but also an extensive network of contacts with employers sounds intuitively significant. Glick and Glick representatives mentioned that after they started operating as an EN, whenever they received notice of a job opening, they would look first to their pool of TTW beneficiaries for a potential candidate, then proceed with their more traditional employee search process.

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<sup>3</sup>The officials were implicitly suggesting that the minimum wage rises more slowly than the SGA level (currently \$810 per month). This is typically the case because the minimum wage does not necessarily increase annually and is not tied to wage growth as is the SGA level. The current federal minimum wage rate of \$5.15 per hour has been in place since 1997.

## **H. THE BIG ISSUE: FINANCIAL VIABILITY**

Fundamentally, to be successful, ENs must cover their costs. But all eight of the case-study ENs, despite their diversity on numerous characteristics, had one thing in common: they all were losing money on their TTW operations. Despite the development of various, apparently well-functioning service models and the ENs' generally positive expectations in summer and fall of 2002, TTW has not proven to be financially viable—thus far, at least, for these eight ENs.

It would be difficult to overestimate the seriousness of this matter for the future participation of these ENs—and possibly many others—in the TTW program. At the time of the fall 2003 interviews, 12 to 18 months after they started operating under TTW, the ENs' situation looked rather bleak.

CCSA's director believes he has a viable service model. Although he has received few payments thus far, he believes that in the near future, greater than 50 percent of his receivables will come from TTW. The program has the potential to be a major source of revenue for CCSA, with revenues ultimately outweighing costs, but he felt that the administrative issues associated with the program (described below) must be addressed.

EES is no longer accepting Tickets and plans to fully withdraw from the program. It is still submitting claims for payment for a few beneficiaries, but no longer considers itself to be participating in TTW. Before deciding to withdraw from TTW, EES tried several strategies to reduce costs. For example, EES downsized from two to one line staff members and also began providing services to groups, rather than individuals. Even with this added efficiency, however, EES corporate was subsidizing TTW services at an unacceptable level. The director estimated that EES spent \$80,000 on the program, but brought in less than \$10,000 in revenue. This EN would likely reactivate its program if changes are made that enable the organization to cover its costs.

At the time of the first interview, Glick and Glick representatives optimistically projected making a profit by January 2003, five months ahead of their original estimate. By August 2003, however, those profits had never materialized. The firm was expending a lot of resources on TTW and not recouping much of its costs—"shoveling money out the door," according to one interviewee. Glick and Glick was forced to substantially reduce its involvement in TTW. It is now serving only beneficiaries who reside in the state of Florida, retaining that state as a TTW service area because a large number of its Tickets were from Florida, and some of those clients had been showing success. In May 2003, the EN unassigned the Tickets of all beneficiaries not residing in Florida, including a number that Glick and Glick had placed in employment. The EN concomitantly reduced the number of TTW case workers from four to one. Like the EES director, Glick and Glick officials expressed hope that the program will be changed in a way that will make it profitable. Should that occur, Glick and Glick would be willing to participate once again as a national EN. They do not believe TTW will be successful, however, unless the requirements for submitting earnings information are significantly altered to reduce the EN's administrative burden.

IDR representatives said that to date, the operational costs of the program have far exceeded the revenue collected through payments from SSA. The discrepancy between expenditures and revenues, they said, is in large part due to SSA's inability to make timely payments to IDR for the outcomes achieved by its clients. The low return on the initial investment has made it difficult for IDR to raise additional capital from lending institutions to expand program operations. IDR has found it necessary to restrict its efforts to serve retail clients to no more than 25 percent of the caseload, and to stop serving SSI beneficiaries altogether because the payments from SSA do not adequately meet the agency's up-front costs. Instead, IDR will concentrate its efforts on its long-term disability clients, which will enable it to cover service costs with insurance payments. Any payments IDR receives from SSA will be considered a "bonus."

ABIL's director recently described the program as "horrendously expensive." The EN's business plan over-estimated demand and under-estimated the administrative difficulties and related costs. The business plan projected more Ticket assignments and more placements. ABIL has invested about \$500,000 in the last two years and has filed claims for about \$50,000 in payments. ABIL has had to supplement TTW revenues with about \$200,000 in general operating funds. The director estimates that ABIL needs \$227,000 in payments (on behalf of about 100 Ticket holders) to continue operating. The interviewee stated that ABIL will likely be willing to support the program for another 12 months, but participation in TTW after that is doubtful if the program does not produce more revenue.

Representatives of Marriott's Bridges program reported that program costs significantly outweigh revenues, creating losses that they cannot absorb much longer. Although they had originally viewed TTW as a five-year commitment, that estimate was based on higher anticipated revenues; if revenues do not increase, their participation in TTW will have to be discontinued.

The head of AAA TakeCharge said that, in general, administering TTW has involved more work and brought far lower returns than originally anticipated. Indeed, she said, despite her relatively low operating costs (TakeCharge has only two staff, both of whom work part time), the business has been losing money so far. Despite being in the red, the director plans to continue operating for the time being. She is close to her margin of profitability, which requires that she receive five or six outcome payments each month. She also feels an obligation to the Ticket holders whose Tickets she has accepted.

Oklahoma DRS officials estimated having spent about \$1.2 million on services for the 575 beneficiaries it is serving as an EN under the milestone-outcome system, against just \$26,000 in TTW payments. They expect to eventually realize \$250,000 to \$500,000 per year in Ticket payments, but it was unclear how this was expected to compare with future annual costs. Officials there appeared unconcerned about Ticket program revenues, probably because of the availability of other SVRA funding to pay for services.

Overall, the message is clear: all eight experienced providers we studied are experiencing serious financial difficulties in operating under TTW—problems so serious that they may not be able to continue functioning as TTW service providers, unless circumstances change dramatically and relatively quickly or they can continue to draw on non-TTW revenue

sources. Next we turn to some of the specific causes interviewees identified as contributing to their TTW-related financial difficulties.

### **1. Process for Obtaining Payments**

From the eight ENs' perspective, the most problematic piece of the financial viability puzzle is obtaining payments; comments typically focused on the need to increase revenues, not to reduce higher-than-expected costs. Most payment-related complaints concerned the payment *process*, more so than the *structure* of the payment system (although structure is discussed separately, below),<sup>4</sup> particularly difficulties obtaining acceptable documentation of workers' earnings, getting the payment requests approved, and then receiving the payments they are owed.

The earnings documentation that virtually all ENs rely on is pay stubs from TTW clients. But, interviewees said, clients sometimes neglect or forget to turn in pay stubs altogether, and even when they do submit pay stubs, the stubs often do not contain the necessary information to meet SSA standards, such as the pay period start or end date. None of the approximately 20 clients who have submitted pay stubs to TakeCharge have provided problem-free documentation. ABIL offers beneficiaries a \$25 stipend for each monthly pay stub, which reportedly helps, but the director considers tracking all the information to be a major administrative burden, a "nightmare," she said, resulting in large financial losses for her organization. She strongly dislikes having to hassle her clients for their pay stubs, adding unwanted stress in their lives; she would just as soon forgo trying to get payments for months when pay stubs are not received.

IDR staff feels very strongly that problems in the current payment process continue to jeopardize the entire TTW program. One staff member said, "This one issue is putting the entire program at risk." IDR estimates that it costs the agency \$90 to \$120 to collect a \$279 payment from SSA. IDR further indicated that about 40 to 45 percent of program revenues are devoted to addressing pay stub issues. Participants are annoyed that they must submit pay stubs twice—once to the EN and once to the local SSA office. A few of IDR's participants who were working full time unassigned their Tickets because they found the pay stub submission requirement intrusive.

CCSA requires clients to sign a release for any wage information, which is forwarded to employers with a request that the employer send the wage documentation directly to CCSA. The release includes language to the effect that the federal government requires CCSA to

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<sup>4</sup>It is not surprising that for these eight ENs, concerns about structure (payment size, for example) were less substantial than concerns about the payment process. These were ENs that initially believed they could make it financially under the TTW payment system and thus began accepting Tickets. Many other ENs interviewed last year voiced very strong complaints about the payment system structure; in fact, such concerns led many of them to decide against accepting any Tickets.

substantiate wages, and clients are required to provide copies of their pay stubs. In the written communication to both client and employer, CCSA includes a warning that failing to disclose wage information is a violation of federal law. The director said that he often has to go beyond simply requesting information; he needs to intimidate clients a bit to get them to send pay stubs.

EES officials had not had problems getting beneficiaries to submit pay stubs, but agreed that the earnings documentation requirements are a significant burden on providers and beneficiaries, one that reduces ENs' ability to provide services. Bridges staff expressed similar sentiments, and Oklahoma DRS officials described the burdens of trying to keep track of pay stubs; they ultimately switched to using Unemployment Insurance data in most cases. Glick and Glick also found it very difficult and labor-intensive to obtain earnings information from placed workers, and pointed out an apparently important causal factor: neither employees nor employers have any incentive to provide proper documentation to the EN.

Problems continued even after EN staff had obtained the needed documentation. Most common were complaints about the length of time that it takes to receive payment. Bridges staff submitted their first payment request in May 2002, but did not receive payment until February 2003. Now, they said, it usually takes about three months. Glick and Glick were led to expect a turnaround of 60 to 90 days, but found that in reality it takes 90 to 120 days, and they said the Program Manager has been unable to explain the long turnaround time even for cases in which the documentation is correct. Representatives of AAA TakeCharge and ABIL also reported average turnaround times of three to four months, which they feel is far too long and must be rectified. According to one interviewee, the Program Manager has reportedly claimed that payment timeframes are largely out of its control, determined by SSA's processing procedures. As noted previously, IDR believes that its negative cash flow is in large part due to SSA's inability to make timely payments for the outcomes achieved by participants. The low return on the initial investment has made it difficult for IDR to raise additional capital from lending institutions to expand program operations.

CCSA's director said that his EN has had a "terrible problem getting paid," and added, "SSA has a terrible system in place." CCSA has claims that are four months old that have not yet been paid. The director said, "Any other business would seek help from a collection agency!" The problem has not improved in recent months. It is his perception that the Program Manager processes and passes along CCSA's invoices exactly as they are supposed to be processed, but SSA then sits on them, to the point where CCSA must conduct an investigation to determine what is happening with its payments. This problem occurs with initial milestone and outcome payments, as well as with subsequent payments. SSA does not provide adequate cooperation and support for ENs, he said, which he considers a very poor practice.

## **2. Structure of Payment Systems**

Some critical statements related to revenues focused on the basic structure of the payment systems. The director of EES, which had selected the milestone-outcome payment

system, said that even if payments were received promptly, they were simply too small to cover costs. In addition to supporting larger payments, she advocated for two new payments that would be made earlier than under the existing schemes: an initial payment upon completion of an IWP, to cover initial staff costs, plus one upon initial job placement; thereafter, the existing payment schedule could be followed. Additionally, she, as well as other EN interviewees, disagreed with the requirement that beneficiaries must reach zero-cash-benefits status before outcome payments could be made on their behalf to an EN. Her agency found that some clients were not able to sustain SGA consistently enough for EES to receive regular payments; others did reach SGA, but continued to receive benefits for several months during their trial work period. Glick and Glick representatives voiced the same concern about the zero-benefits rule. They felt they deserved some payment for the work they had done to get certain beneficiaries back to work, even though the individuals were still receiving cash benefits. Marriott's Bridges program officials, like the EES director, felt that the payments (under both TTW payment systems) are too small to cover costs, a problem which they predicted will make it difficult for TTW ever to succeed on a large scale. These officials also expressed a desire for ENs to be allowed to select a payment system on a client-by-client basis, more like the level of flexibility granted to SVRAs. This flexibility would enable ENs to request outcome payments for clients who would more easily find employment with wages over SGA, while recouping some payments for clients who were not expected to quickly achieve this goal.

IDR thinks that the outcome payment system should be modified so that the payments take place over a shorter period of time—three years, for example. That EN argued that if a participant is still employed after three years, then he or she probably will remain employed for an extended period of time. The length of the outcome payment plan creates a problem when IDR is trying to raise capital. A bank considers payments expected 72 months in the future to be unlikely to be paid. In addition, IDR would like to devote more resources to serving SSI recipients, but feels that SSA needs to offer higher payments for them because they require more resources to place and support in employment.

### **3. Concluding Observations on EN Financial Viability**

It is difficult to disentangle, or rank the relative importance of, the many inter-related factors that have contributed to these eight ENs' financial troubles. What accounts for the fact that expenditures have dramatically exceeded revenues, and what would be the ideal solution to this problem? For each EN, the story may be slightly different. In general, these ENs did not appear to have difficulty generating sufficient numbers of Ticket assignments. Slightly more problematic was the difficulty some ENs experienced in getting clients to move into employment at levels (in terms of income and duration) that would generate milestone and outcome payments. While some interviewees cited the poor state of the economy, Ticket holders' skills and attitudes were also frequently cited. The latter issue seems a bit surprising, especially in light of the fact that most of the ENs had screened applicants to select those who appeared both willing to work and to require few services. A few questions arise: Do ENs need better skills or more experience in identifying clients most likely to succeed in the workforce? Or, do ENs have unrealistic expectations about being able to place disability beneficiaries in jobs despite offering few and relatively non-intensive

services? Unfortunately, for ENs to improve their own skills or offer more intensive services would increase their costs, thus potentially putting them at even greater financial risk.

As mentioned earlier, interviewees facing financial difficulties focused mostly on increasing their revenue streams and on lowering the costs associated with processing payment claims. Recently announced changes to the procedures for reporting beneficiaries' earnings and requesting payments may help to address ENs' concerns about the payment process. The new Certification Payment Request Process (see Chapter III), however, was not in place at the time of our second interviews with the eight case-study ENs, so we do not know the extent to which EN officials believe it will ease their burdens and improve their overall financial circumstances. This issue will have to be addressed in future reports. But even if ENs begin to receive payments more easily and more quickly, many payment system issues still remain. As discussed in Chapter III, there is broad concern among ENs in general about the fact that TTW funding comes well after services have to be delivered and even then is stretched out over a five-year period. In addition, EN payments occur only for beneficiaries whose benefits have been reduced to zero, even if an EN's efforts enable a beneficiary to work sufficiently to reduce, but not eliminate, benefits. These issues, too, will be an issue for additional future study.

## **I. OTHER PROBLEMS AND SUGGESTIONS**

Obtaining payments may have been the biggest administrative challenge for the eight case-study ENs, but it was not the only problem they encountered. Below we describe several other concerns expressed by EN representatives. It should be noted, however, that most of these concerns arose early in the ENs' experiences with TTW and appeared to be less significant at the time of the second interview.

### **1. Marketing and Program Information for Beneficiaries**

Several EN interviewees called for changes in how TTW is marketed, saying that beneficiaries need much more information on the program. TakeCharge's director believes that more Tickets would be assigned if SSA *focused* its TTW marketing activities. In her opinion, TTW marketing efforts have been too broad and have not focused on the 7 to 10 percent of the beneficiary population most likely to work their way off of benefits—those already working, but working at levels low enough to maintain benefits. In her opinion, information about TTW centers on getting a job and returning to work, rather than on increasing work levels among those already working. She believes that a targeted mailing to working beneficiaries, advertising the fact that support in the form of money (as opposed to return-to-work services) is available under TTW, might induce a significant proportion to use their Tickets, increase their work activity, and go off of benefits.

In addition to more-focused marketing, TakeCharge's director would like the Program Manager to provide beneficiaries with more-descriptive and more-detailed information about ENs and how they operate. Currently, the Program Manager's website does not list cash among the types of services that ENs may be providing, so an EN like TakeCharge must

describe one of its core elements as “other.” The Program Manager, she said, should expand the list of services from which ENs can choose.

The director of ABIL complained about an overall dearth of marketing by SSA. She said a national campaign, featuring extensive television and radio advertising, is desperately needed to market the program to Ticket-eligible beneficiaries.

During the initial interview, representatives of Glick and Glick mentioned a desire for SSA and/or the Program Manager to provide beneficiaries with more and better information about the TTW program early in the process, presumably as part of initial mailings. They felt they had to spend too much time explaining the program to beneficiaries who contacted them about using their Tickets. Bridges officials made a similar comment. Common misunderstandings include a belief that program participation is mandatory and that the Ticket automatically guarantees them a job, possibly with the EN itself. Potential clients also sometimes have concerns about how TTW will affect their SSA and health care program benefits.

Oklahoma DRS officials made similar comments about the problem of beneficiary confusion during the recent interview; the Program Manager provides only basic contact information, so ENs end up having to inform Ticket recipients about the program. They had different ideas from their non-SVRA peers, however, on what kind of marketing approach should be implemented. They pointed out that beneficiaries are often fearful of any communication from SSA, lessening the potential impact of any SSA-led marketing efforts. Similarly, they felt that the Program Manager did not need to be heavily involved in beneficiary outreach and education, partly because of inevitable delays in getting information to interested beneficiaries. Rather than a centrally operated, national level campaign, they supported a more local approach. They support having SSA provide funding to interested SVRAs and other ENs for state and local level outreach efforts, and had ideas about how such a program could be modeled after Oklahoma’s State Partnership Initiative.

Oklahoma DRS staff also made another unique statement relating to program promotion. They expressed a desire for the Rehabilitation Services Administration (RSA) to play a more active role in promoting TTW and assisting SVRAs to address ongoing policy problems. They quoted an RSA official as saying, “The Ticket is not our program,” an attitude they feel is antithetical to successful implementation by SVRAs.

## **2. Information About Beneficiaries**

Glick and Glick staff expressed frustration over the fact that some beneficiaries do not even know under which program(s) they are receiving cash benefits—SSI, DI or both. Knowing about a beneficiary’s program participation is important, they explained, because under different programs, different pay documentation is needed, different earnings thresholds must be met to qualify for payment, and payment amounts differ. Thus, not knowing a beneficiary’s program status makes it difficult for an EN to develop expectations regarding the likelihood that a claim for payment will be accepted. Glick and Glick staff advocated for being able to get the needed beneficiary information from the Program

Manager. At present, this is only permitted if the EN obtains a signed release from the beneficiary allowing the EN to obtain such information. The release must also be on file with the Program Manager. A similar procedure must be followed for an EN to obtain beneficiary information from SSA. CCSA noted that under the Alternate Participant program, it had direct access to SSA files. Under TTW, SSA will not provide ENs with basic information such as the nature of an individual's disability. ENs must obtain information directly from the client or obtain the client's permission to contact the local SSA field office.

Similarly, interviewees from Marriott's Bridges program stated a desire for SSA to provide ENs with more information on the work history and benefit status of Ticket users—for example, whether they were in a trial work period. They reported success in overcoming this problem, however, by working with a local Employment Services Representative. EES staff also reported difficulty obtaining information about clients' trial work periods from SSA field offices.

Oklahoma's DRS had problems verifying earnings and cross-referencing individuals currently receiving VR services with those receiving a Ticket. DRS staff noted that about 20 percent of the addresses in the Program Manager database were incorrect, and roughly 40 percent of the addresses in DRS files are incorrect. Furthermore, DRS staff found that some individuals who have been issued a Ticket (and who have presented it to DRS for services) are not included on the CD-ROM. For these reasons, Social Security numbers are essential for cross-referencing. The CD-ROM provided by the Program Manager for this purpose did not contain the needed Social Security numbers.

### **3. Communications with the Program Manager**

Officials from Oklahoma's DRS complained that the Program Manager is sometimes slow in confirming Ticket assignments; rather than wait, DRS has sometimes begun serving beneficiaries before receiving confirmations. They also said that the Program Manager sometimes informs them that a Ticket is unassignable, without providing a reason. Since that information is critical for determining whether to commence with services, DRS would appreciate getting full information, consistently. The director of TakeCharge said that, early on, when she was unclear about rules for unassigning Tickets, placing Tickets in inactive status, and the 24-month review process, the Program Manager was either unable or unwilling to give relevant advice. Glick and Glick representatives told of the considerable time and effort it took to get all the information they needed in order to fully understand a number of program details; they complained about getting incomplete, piecemeal information. Finally, IDR is concerned that the Program Manager has not maintained an updated list of active ENs and as a result beneficiaries are referred to ENs that are no longer accepting Tickets. Beneficiaries who contact IDR frequently indicate that they have contacted five to ten ENs prior to contacting IDR. Dealing with frustrated participants is challenging and takes considerable staff resources that could be used for other purposes.

#### **4. Communications Among ENs**

Interviewees from Glick and Glick think that prior to becoming an EN they would have benefited greatly from a chance to speak with people from other organizations that had already implemented or were in the process of implementing TTW. They suggested that there could be great value in a forum that allows for and encourages information exchange among current and potential ENs. It could help, for example, with solving problems that commonly arise in implementing the program. Glick and Glick staff noted that they are now open to working with other ENs and potential ENs to exchange information on best practices and their own experiences with TTW.

#### **5. Program Rules and Regulations**

Oklahoma's DRS staff reported confusion over whether beneficiaries must sign the IWP (specifically SSA Form 1365) to formally assign the Ticket to their agency, and whether the date of Ticket assignment is the date an individual plan for employment is signed or the date Form 1365 is signed. They would appreciate formal SSA policy memoranda on such matters.

### **J. SUMMARY AND CONCLUSIONS**

This chapter has presented the experiences and impressions of eight ENs that have served Ticket holders since the beginning of Phase I. The findings were based on initial interviews conducted during the summer and fall of 2002 and follow-up interviews conducted in August and September 2003. Although we interviewed only a small number of ENs, their impressions and experiences are important because they are among the ENs that have the largest numbers of Ticket assignments, have received the highest total TTW payments, and represent a range of service models and business types.

These ENs made a number of suggestions for improving the TTW program. SSA could implement some of the suggested changes fairly readily; indeed, in some cases, the Agency has already begun to do so. Implementing other suggestions would require a change in the Ticket Act or other Congressional action. We summarize the experienced ENs' suggestions for program improvement below.

#### **1. Changes That Could Be Implemented by SSA**

**Claims Payment.** All eight ENs expressed frustration with the administrative process for requesting payments under both the outcome-only and milestone-outcome payment systems. They found the requirement to collect beneficiary pay stubs for 60 months beyond job placement particularly onerous. As noted in Chapter III, SSA has implemented a new Certification Payment Request Process to try to address this issue. The new process was not in place at the time of our second interviews, so none of the ENs had had any experience with it. Two of the ENs we spoke with after the new process was announced said they expected that it would significantly decrease their administrative burden. The new process also addresses another problem, at least after the EN has submitted the required three pay

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stubs: the need for beneficiaries to submit pay stubs to the EN as well as to SSA (for benefit and eligibility adjudication). While the new Certification Payment Request Process may address some ENs' concerns, they would also like to see SSA address some remaining issues with the payment process, including reducing the length of time it takes to receive payments, clarifying what information must be shown on the pay stub to receive payments, and communicating reasons for denial of particular payments to the EN.

**Marketing TTW.** Several ENs called for changes in how TTW is marketed, saying that beneficiaries need much more information on the program, especially early during the roll-out period. Some ENs specified that marketing efforts, whether led by SSA or the Program Manager, should be focused on beneficiaries most likely to pursue employment, such as those already working part time and those under age 60. Some ENs also suggested that the Program Manager provide Ticket holders with more up-to-date information on which ENs are currently accepting Tickets. They felt that such marketing efforts would substantially reduce the time ENs must spend educating beneficiaries about the program, especially those who are unlikely to participate. As noted in Chapter III, SSA has recently taken steps to develop a campaign to market and publicize TTW. It will be some time, however, before a large-scale marketing effort is fully implemented.

**Information About Beneficiaries.** A number of ENs wished they could obtain more information about beneficiaries from the Program Manager or from the SSA field office, such as program status (SSI and/or DI), type of disability, work history, and months remaining in the Trial Work Period. One interviewee with experience under the Alternate Participant program said that providers had access to more information about beneficiaries under that program than ENs do under TTW.

**Opportunities for EN Information Sharing.** One EN expressed a desire for SSA to provide opportunities for communication between ENs, enabling them to share successful strategies and to solve common problems.

**Clarify Ticket Assignment Date Policy for SVRAs.** The Oklahoma SVRA suggested that SSA clarify, through a formal memorandum, whether beneficiaries must sign Form 1365 to formally assign the Tickets to the SVRA, and whether the date of Ticket assignment is the date an IPE is signed or the date the Form 1365 is signed.

## **2. Changes Requiring Congressional Action**

While SSA could modify the milestone-outcome payment system in some ways that would not require Congressional action (e.g., providing additional milestone payments when the IWP is written or at job placement), most of the ENs' suggestions concerning the payment structure would require Congressional action. Examples include setting higher payments for SSI recipients, allowing ENs to obtain payments for beneficiaries who still receive partial cash benefits, condensing the payment period from five years to three, and allowing ENs to select a payment system on a client-by-client basis. Potential modifications to the payment system, however, would need to be evaluated in light of the basic purpose of the Ticket Act: to enable beneficiaries to leave the SSA disability rolls for employment, with

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the costs for rehabilitation and job placement being more than offset by reduced federal government outlays for cash benefits.

## CHAPTER VI

### ADEQUACY OF INCENTIVES STUDY

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In passing the Ticket Act, Congress acknowledged that the TTW program might not be equally accessible to all disability beneficiaries. Of particular concern was the possibility that the performance-based payment system might lead providers to serve mainly beneficiaries who are most ready to return to work while largely ignoring beneficiaries requiring more intensive or long-term support if they are to become successfully employed. Such client selection practices could create an efficient program in the sense that payments made to ENs could be offset by savings from selected beneficiaries exiting from the disability rolls. But the practices could also create an inequitable program in the sense that some beneficiaries who want to work may be unable to obtain TTW-financed services that would enable them to succeed.

To address the equity issue, Congress mandated an Adequacy of Incentives (AOI) study to evaluate how the TTW program can be used to increase employment among beneficiaries with significant support needs. The Ticket Act specifies four groups of beneficiaries that could find it difficult to obtain services in the performance-based TTW environment:

1. Individuals with a need for ongoing support and services
2. Individuals with a need for high-cost accommodations
3. Individuals who earn a subminimum wage
4. Individuals who work and receive partial cash benefits

The statute requires SSA to identify and implement a payment system that would allow the four groups of beneficiaries to participate in the TTW program. The Commissioner is mandated to report to Congress on recommendations for a method or methods of adjusting payment rates to ENs to ensure equitable participation among the above groups.

Furthermore, the Commissioner must implement the necessary adjusted payment rates before full implementation of the TTW program, which is to occur by October 2004.<sup>1</sup>

The AOI analysis will draw on all aspects of the TTW evaluation to address the following topics and questions:

- ***Process.*** How do the structure and operations of TTW affect access to TTW-financed services for the four AOI groups? In particular, to what extent are participating ENs capable of serving AOI groups, to what extent do they adopt beneficiary screening procedures that would likely exclude many in the AOI groups, and are beneficiaries in the AOI groups effectively informed of their options?
- ***AOI Group Characteristics.*** What are the characteristics of the AOI groups, particularly those that might influence an EN's willingness to accept a Ticket assignment from them? How do the characteristics of the AOI groups compare with those of beneficiaries outside the AOI groups?
- ***Relative TTW Experience.*** Does the rate of Ticket assignment, ultimate work success, long-term benefit receipt, and other aspects of the AOI groups' experiences with TTW differ from those of other beneficiaries?
- ***Relative TTW Effect.*** Does the extent to which TTW changes beneficiary outcomes differ between members of the AOI groups and other beneficiaries? If so, do clear factors account for the differential effects?

At this early stage of the evaluation, we can already see ways in which some beneficiaries may be excluded from full participation in the TTW program. In particular, the fact that many of the most experienced providers are losing money on their TTW activities suggests that the current system provides little incentive to serve job-ready beneficiaries, let alone those who need ongoing supports or high-cost job accommodations. In addition, considerable anecdotal evidence indicates that many ENs are using screening criteria that exclude beneficiaries who are interested in receiving partial benefits while they work.

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<sup>1</sup>Several efforts have been completed or are underway that relate to the AOI issue. First, the Ticket to Work and Work Incentive Advisory Panel (2002) issued a report that made several recommendations concerning how AOI issues could be studied. Second, SSA sponsored an Adequacy of Incentives Advisory Group through the Disability Research Institute, which recently released a report containing several recommendations for changing the TTW program to deal more effectively with AOI groups (AOI Advisory Group 2003). Third, SSA sponsored a technical workshop on the AOI issue that resulted in the development of a book addressing topics such as the context for assessing AOI issues and lessons from other programs (Rupp and Bell 2003). As the TTW evaluation proceeds, we will consider the work of these and other groups in addressing the AOI issue.

We have also begun to analyze administrative data on beneficiaries in the AOI groups. The early analysis uses SSA administrative information about beneficiaries' primary disabling conditions to identify beneficiaries in two of the AOI groups: those who need ongoing supports and those who need high-cost accommodations. This preliminary definition is clearly an approximation because accurate classification requires information on individuals' functioning, expectations, educational background, and previous work activity; it cannot be based entirely on their disabling conditions. Nevertheless, this preliminary definition allows us to initiate the analysis based on the currently available administrative data.

Accordingly, we find that beneficiaries in the AOI groups constitute a majority of all eligible DI and SSI beneficiaries. The finding is not surprising given that the preliminary definition places all beneficiaries with mental illness, mental retardation, or other mental disorder into the AOI groups and that beneficiaries with those diagnoses account for about 38 percent of all beneficiaries. What is surprising, however, is that beneficiaries in our preliminary AOI groups also account for the majority of beneficiaries using Tickets and that they have higher participation rates than those beneficiaries not included in our AOI groups. Most of these beneficiaries are being served by SVRAs under the traditional payment system, thereby underscoring the agencies' obligation to try to serve all applicants. It also reflects the substantial diversity among beneficiaries with the same disabling conditions and illustrates the need to refine our definitions further as more detailed data become available.

We discuss the findings in more detail starting with information primarily from the preliminary TTW process analysis (Livermore et al. 2003) and from our follow-up interviews with eight experienced ENs. We then turn to a statistical description of the characteristics and experiences of the two AOI groups that can be identified using our preliminary definition.

#### **A. PRELIMINARY PROCESS INFORMATION ON THE ADEQUACY OF INCENTIVES**

The most obvious process analysis conclusion about the adequacy of incentives is that the most experienced ENs do not appear to be earning a profit from their TTW activities. As noted in Chapter V, all eight of the experienced ENs we interviewed for the report indicated that they were losing money. Without other sources of income or changes to the payments and payment process, these ENs seem likely to contract their operations further or drop out of the program altogether. If these ENs are indicative of all ENs, then the current TTW system clearly does not provide enough of an incentive for ENs to remain in the program in general, let alone serve individuals perceived as requiring costly, long-term supports. SSA has taken steps to make the payment system more efficient, but it remains to be seen if those steps alone will be sufficient to keep the current ENs participating. Thus, it seems likely that the current system does not provide enough of an incentive for ENs to serve those beneficiaries who require substantial supports or who currently earn subminimum wages.

In addition, the available process information suggests that many ENs, as well as some SVRAs acting as ENs, have established screening and intake procedures that could exclude

individuals in the AOI groups from participating in the TTW program under the new payment options. Such screening is entirely consistent with the incentives established by the program. ENs can only recoup the costs of serving Ticket holders and possibly make a profit if the beneficiaries they serve succeed in the labor market. Specifically, beneficiaries must achieve employment at levels that will generate a payment stream from SSA that exceeds the costs of assisting them. For beneficiaries requiring high-cost services, employment success means that they work full time at a job above minimum wage and remain employed well past the point at which cash benefits go to zero. Thus, we expect ENs to use various screening mechanisms to identify eligible beneficiaries who will (1) cost relatively little to serve and (2) demonstrate the best chance of meeting their employment goals.

Chapters III and V presented several examples of ENs' screening practices intended to identify the most promising candidates. Some ENs ask beneficiaries questions such as, "Are you interested in full-time employment?" or "Are you interested in going off cash benefits?" A "no" to either question might lead an EN to decide against serving a beneficiary. Such screening questions clearly try to exclude members of the fourth AOI group—those who want to work while continuing to receive partial cash benefits.

In addition to a beneficiary's willingness to work full time and move off cash benefits, ENs may consider several other factors in determining whether to accept an individual's Ticket. Given that a beneficiary must be in zero-cash benefits status for up to 60 months in order for the EN to receive the maximum payment under either the outcome-only or milestone-outcome payment system, some ENs hesitate to accept Tickets from beneficiaries who may have difficulty maintaining employment for extended periods without intensive ongoing supports. For example, some ENs have indicated reluctance to serve individuals with cognitive or psychiatric disabilities, traumatic brain injuries, or other conditions that the ENs perceive as decreasing the person's odds of remaining in zero-cash benefits for a substantial period. Such selectivity probably has its greatest impact on members of the first AOI group, those with a need for ongoing supports and services.

Some ENs are also reluctant to accept Tickets from individuals in the second AOI group, those perceived as needing high-cost accommodations. Beneficiaries who require expensive assistive technology, for example, may have relatively more difficulty locating an EN that will accept their Tickets. Because ENs appear to have difficult generating profits from their Ticket activities, they are likely to be very reluctant to accept Tickets from beneficiaries that may require above average resource to place on jobs (which could be the case if the EN had to pay for an expensive accommodation) or that appear to have a below average chance of obtaining employment (which could be the case if the EN thought potential employers would have to pay for the accommodations). Thus, it is not surprising that many ENs appear to target their services to beneficiaries whom they believe are able to enter employment without requiring high-cost accommodations.

Some ENs also carefully consider a beneficiary's educational history and employment experience when deciding whether to accept a Ticket. Individuals whose work history is exclusively or primarily limited to subminimum wage jobs—those in AOI group 3—may be

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viewed as lacking the productive capacity to achieve sufficient earnings to generate Ticket payments.

Initial rejection by an EN does not necessarily mean that an AOI group member would never be able to participate in the TTW program. It appears that non-SVRA ENs commonly refer candidates that they perceive will require extensive services to SVRAs, where they are more likely to be served. Indeed, of the eight experienced ENs we recently interviewed, the Oklahoma Department of Rehabilitative Services (DRS), an SVRA, was the only one with a policy of accepting Tickets from all interested beneficiaries. A major factor influencing the Oklahoma SVRA's policy of accepting AOI group members was its substantial level of funding from outside the TTW program. As explained in Chapter V, Oklahoma had a source of operating revenues that helped it cover service costs for clients who might not generate Ticket payments for quite some time (if at all). Most non-SVRA ENs are not in the same financial position.

The process study did reveal that one experienced non-SVRA EN, Marriott's Bridges Program, focuses on serving beneficiaries in one of the AOI groups, specifically clients with ongoing support needs. The Marriott EN had relied primarily on funding from the Workforce Investment Act and saw TTW milestone payments as a way of modestly supplementing the types of services it had long provided to its target clients. In this case, TTW funding did not appear to increase the number of AOI group members served by the organization. Rather, when beneficiaries managed to generate one or two milestone payments, the funds enabled Bridges to provide additional services it had not previously offered. Although this EN's effort to serve beneficiaries in an AOI group is encouraging, readers should recall that Bridges was experiencing substantial financial difficulties, with revenues falling far short of costs.

In summary, early process information shows that the TTW program can give SVRAs and other providers that have outside funding an additional incentive to serve disability beneficiaries, including in some cases, those in one or more of the AOI groups. But ENs that try to rely solely on TTW payments, the new payment systems do not appear to provide much incentive to serve beneficiaries in general, let alone those in the AOI groups. After all, if ENs are currently experiencing financial difficulties while service clients who have been screened as relatively easy to serve—those who appear job ready and not in need of costly accommodations or supports—then it would seem unrealistic to expect that they would make a concerted effort to serve beneficiaries in the AOI groups.

## **B. CHARACTERISTICS OF BENEFICIARIES IN TWO AOI GROUPS**

The AOI analysis depends on the ability to define those beneficiaries who might be accurately categorized into a specific AOI group. Only then can the process analysis interviews, site visits, and focus groups concentrate on the relevant beneficiaries and quantitative analyses to investigate properly the participation and outcomes of these beneficiaries.

In developing an analysis of the AOI groups, we have to solve two issues. First, the Ticket Act does not define the specific AOI groups in a way that allows accurate identification of beneficiaries using SSA administrative data. Second, SSA administrative data do not enable us to differentiate between those who do not participate because they are not interested in doing so (voluntary non-participants) and those who would like to participate but cannot find and EN willing to accept their Ticket (involuntary non-participants). If many beneficiaries in the AOI groups possess such severe health conditions or impairments that they feel work is not possible or desirable under any reasonable circumstances, then the evaluation will substantially overstate the extent to which the needs of AOI beneficiaries are not met by TTW. Fortunately, the evaluation surveys, which will start in January 2004, will provide more detailed information for identifying AOI groups and assessing their knowledge, attitudes, and expectations about work.

Until the survey data become available, the evaluation must face the challenges involved in using administrative data or other empirical approaches to identifying the AOI groups. Using available SSA data and the definitions developed in the evaluation design (Stapleton and Livermore 2002), we developed preliminary definitions of the first two AOI groups: beneficiaries who require ongoing supports and those who require high-cost accommodations. These preliminary definitions are based solely on beneficiaries' primary disabling conditions as recorded in the SSA data and are mutually exclusive. In particular, the definition of the group that requires ongoing supports includes impairments that are likely to result in:

- A frequent need for personal assistance or coaching (e.g., cognitive disabilities, autism, other developmental disabilities, traumatic brain injury, other severe cognitive disorders, quadriplegia)
- A tendency to be able to work only episodically (e.g., psychiatric disorders)
- Possible disruptions of a person's work activity (e.g., uncontrolled seizure disorders)
- Gradual reduction of an individual's functional capacity over time so that long-term employment retention may be difficult (e.g., multiple sclerosis, degenerative arthritis)

The intent of the definition of the group that requires high-cost accommodations is to include beneficiaries who require supports such as assistive technologies, workplace modifications, job coaching, personal assistance services, and interpreter or reader services. It includes impairments that result in the inability to use two or more limbs, severe neurological impairments (e.g., spinal cord injuries), deafness and severe auditory impairments, and blindness and severe vision impairments. Appendix C details the relevant sections from SSA's lists of impairments used to construct these definitions, along with the associated SSA impairment codes.

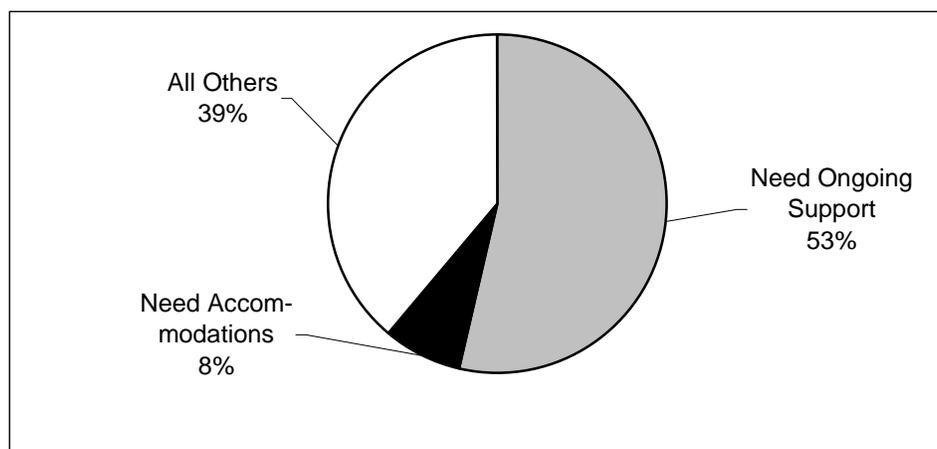
Using administrative data about other beneficiary characteristics such as educational and employment history, we will eventually refine and expand our preliminary definitions. For example, we could use longitudinal SSI earnings data or even historical FICA tax reports to

assist in the identification of individuals who have worked for subminimum wages or otherwise had very low earnings once those SSA records become available to the evaluation in 2004.<sup>2</sup> We will also use the survey data to develop more precise definitions. In addition, although the groups identified in accordance with the preliminary definition are mutually exclusive, it is likely that a more detailed analysis will find some types of beneficiaries who are in more than one AOI group.

Despite the limitations of the preliminary definitions, they enable us start the analysis and provide a basis for making some initial observations about the extent to which TTW services are available to two of the AOI groups.

First, the preliminary definitions indicate that beneficiaries in the first two AOI groups constitute a majority of all Ticket beneficiaries (Figure VI.1). Of the nearly 5.1 million Ticket-eligible beneficiaries in the Phase 1 and 2 states, about 54 percent can be defined as needing ongoing support and services, and another nearly 8 percent can be defined as needing high-cost accommodations. As noted, the finding is not particularly surprising given that the definition includes disabling conditions that account for a large share of SSA beneficiaries. In particular, by including all beneficiaries with mental illness, mental retardation, and other mental impairments in the group requiring ongoing support, the definition places 38 percent of all beneficiaries in the first AOI group. Similarly, the definition of beneficiaries in the second group includes all blind and deaf beneficiaries as well as those with severe neurological impairments. Beneficiaries with these impairments account for almost 8 percent of eligible beneficiaries.

**Figure VI.1: Ticket-Eligible Beneficiaries in AOI Groups 1 and 2, August 2003**



<sup>2</sup> The evaluation will not have direct access to FICA tax reports because of data confidentiality rules, but SSA staff will assist the evaluation by using that information to help develop more refined definitions of the AOI groups, and those definitions will be available.

Second, analyses of the beneficiaries identified with the preliminary definitions indicate some important differences between AOI group 1 (those who require ongoing supports), AOI group 2 (those who require high-cost accommodations), and all other beneficiaries (Table VI.1). For example, beneficiaries in AOI group 2 are more likely than those in group 1 or in neither of these two AOI groups to be receiving only DI benefits and less likely to be receiving only SSI benefits. Beneficiaries in AOI group 2 are also more likely to be males than those in AOI group 1 or in neither of these AOI groups (which are essentially equally divided between men and women). The age distributions of the three analytic groups are generally similar, although members of AOI group 1 are somewhat younger. Both AOI groups were similar to non-AOI beneficiaries in terms of the very small percentage that have requested communications from SSA to be provided in any language other than English.

**Table VI.1: Characteristics of AOI and Other Beneficiaries (Percent)**

Characteristic	Eligible Beneficiaries in Phase 1 and 2 States		
	AOI Group 1	AOI Group 2	All Other
<b>Disability Program</b>			
Title II (DI) Only	55	68	60
Concurrent	13	9	10
Title XVI (SSI) Only	32	23	30
<b>Sex</b>			
Female	50	42	51
Male	50	58	49
<b>Age</b>			
18-24	6	5	2
25-29	5	4	3
30-34	6	5	4
35-39	9	7	7
40-44	12	10	10
45-49	14	12	13
50-54	15	16	16
55-59	16	20	21
60-64	16	22	24
<b>Language Requested for SSA Communications</b>			
English	97	98	97
Spanish	3	2	3
Other	0	0	0
<b>Number of Beneficiaries in the Analysis</b>	2,729,000	387,000	1,968,000

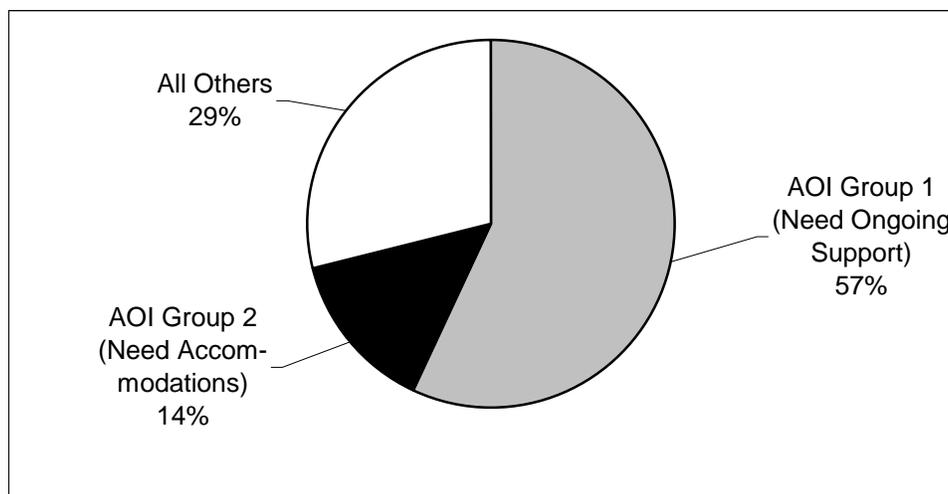
NOTE: Data from the end of August 2003

### C. RELATIVE TTW EXPERIENCES OF AOI GROUPS

Not only do beneficiaries included in our preliminary classification of AOI groups 1 and 2 account for a majority of eligible beneficiaries, they also account for the majority of Ticket users. In addition, it appears that they have higher TTW participation rates than do other

beneficiaries. In examining results for Phase 1 states only, where beneficiaries have had the most time to use their Ticket, we find that of the approximately 19,600 beneficiaries using Tickets, 71 percent were in an AOI group; 57 percent in AOI group 1 and 14 percent in AOI group 2 (Figure VI.2).

**Figure VI.2: Distribution of Assigned Tickets for AOI Groups in Phase 1 States, August 2003**



We also observed above average participation rates for both of these AOI groups (Table VI.2). Eligible beneficiaries we classified into AOI group 1 participated at a rate just above the average for all beneficiaries ((0.78 percent compared with 0.74 percent overall), while eligible beneficiaries in AOI group 2 participated at a rate almost twice as high (1.4 percent compared with 0.74 percent). We also computed the participation rate looking just at assignments to providers using one of the two new payment systems, milestone-outcome and outcome-only. Those figures suggest that beneficiaries we classified into the AOI groups participated in the new payment systems at a rate that was very low, but still greater than the rate at which other non-AOI beneficiaries participated.

The high participation rate runs counter to expectations about AOI beneficiaries who were predicted to have a difficult time locating an EN to accept their Tickets. In part, this result reflects our preliminary AOI classification system, which uses only information on disabling conditions and so cannot capture individual differences in work history, functional status, and available work supports. The evaluation will investigate this issue more thoroughly as we obtain more detailed administrative and survey data. The result may also reflect the fact that our AOI groups contain many beneficiaries, particularly those with mental illness, mental retardation, several visual impairments, and severe hearing impairments, for whom there are relatively strong advocacy and service systems designed to foster employment. Thus, these beneficiaries may find it easier to learn about the TTW program and participate than beneficiaries for whom there are less well developed support systems (for example, those with low back impairments).

**Table VI.2: TTW Participation Rates for AOI and Other Beneficiaries (Percent)**

	Eligible Beneficiaries		
	AOI Group 1	AOI Group 2	All Other
Overall Ticket Assignment Rates			
Phase 1 States	0.78	1.40	0.55
Phase 2 States	0.28	0.50	0.21
Ticket Assignment Rates for the New Payment Systems			
Phase 1 States	0.11	0.11	0.08
Phase 2 States	0.07	0.10	0.06

NOTE: Figures are for the end of August 2003.

**Table VI.3: Ticket Assignments to Different Provider Types and Payment Systems for AOI and Other Beneficiaries (Percent)**

	Eligible Beneficiaries in Phase 1 & 2 States		
	AOI Group 1	AOI Group 2	All Other
Provider Type			
SVRA	88	94	86
EN	12	6	14
Payment System			
Traditional Payment System	83	89	82
Outcome-Only	3	2	4
Milestone-Outcome	13	9	14

NOTE: Figures are for the end of August 2003.

As with the general TTW program, beneficiaries classified in the two AOI groups have overwhelmingly assigned their Tickets to an SVRA (Table VI.3). Looking just at Ticket users in the Phase 1 states, 88 percent of those in AOI group 1 used an SVRA, which is only slightly larger than the percentage for all Ticket users (86 percent). However, 94 percent of beneficiaries we classified in AOI group 2 used an SVRA. Correspondingly, the AOI beneficiaries are largely served under the traditional payment system rather than under either of the two new TTW payment systems.

#### **D. RELATIVE EFFECTS OF TTW FOR AOI GROUPS**

It is too early to measure the relative effect of TTW on the employment and benefit receipt of beneficiaries in the AOI groups. To give the program time to deliver the required services, to afford beneficiaries time to obtain and hold jobs, and to gather the required data we do not expect to present results on program effects until much later in the evaluation.

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## **E. CONCLUDING OBSERVATIONS**

The preliminary findings presented above encompass somewhat different perspectives on the issue of TTW services for the AOI population. The process analysis suggested that screening out individuals who may fall in one or more AOI groups may be a common practice among non-SVRA ENs, making it difficult for the AOI population to gain access to TTW services and likely limiting their choice of providers. The process findings are consistent with the concentration of Ticket-using beneficiaries in the two AOI groups in SVRAs, but the higher participation rates observed for the two AOI groups were not foreshadowed by our discussions with providers.

The high participation rates based on the preliminary definition of the two AOI groups highlight the diversity among beneficiaries with similar impairments. While the impairments used to define the two AOI groups are correlated with use of ongoing supports or workplace accommodations, many beneficiaries with those impairments may be able to work without substantial outside assistance. Thus, the results indicate that the evaluation must go beyond simple definitions based only on impairments in order to understand fully the factors that limit participation in TTW and ultimate employment success.

Furthermore, the preliminary results showing high participation rates do not imply equivalent employment success for the AOI groups. The full analysis of AOI issues must therefore wait until more follow-up data are available on employment and benefit receipt and until the estimation of program effects can be implemented.

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## **CHAPTER VII**

### **CONCLUSIONS AND IMPLICATIONS**

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**I**n this chapter, we draw some tentative conclusions based on the early evaluation data presented in the report. We also highlight some implications of the findings and identify several issues that deserve close attention as the TTW program continues to unfold. In particular, while TTW is now operational, several pressure points could limit its effectiveness. SSA has already taken some steps to address those points, but careful monitoring is essential during the next few months and additional steps are likely to be required. Given that TTW is a program that was implemented from scratch without a pilot or demonstration and is still in its infancy, operational problems are hardly surprising.

#### **A. SSA HAS IMPLEMENTED TICKET TO WORK**

Despite substantial obstacles, SSA has, in fact, implemented TTW in the Phase 1 and 2 states and began to roll out the program in the remaining (Phase 3) states as of November 2003. Although the rollout is a year behind schedule, that is not surprising given the Agency's resource limitations, the enormity of the task facing SSA in implementing a national program that proved to be much more complex than initially understood when the original schedule was developed, a change of administrations, and other external events. The Ticket concept as envisioned by the NASI panel and enacted by Congress appears simple, but it overlies a set of already complex rules and systems associated with the work incentive provisions of SSA's two disability programs. Moreover, the legislation left those provisions largely unchanged. In addition, SSA had to address the interests of a wide variety of stakeholders through the regulatory process and other administrative actions.

In the process of implementing TTW, SSA has made substantial operational changes that are likely to support beneficiary efforts to return to work. The mailing of Tickets to over 5 million adult beneficiaries in the Phase 1 and 2 states represents the first time that SSA has invited most of these beneficiaries to obtain employment services potentially funded by SSA. This approach stands in contrast to past policy, under which SSA invited and required a small share of new awardees to seek rehabilitation services through SVRAs and did not directly extend an offer of assistance to others. For the first time, beneficiaries can attempt to work without fear of triggering a medical CDR. It appears that TTW has substantially expanded beneficiary ability to seek services from non-SVRA providers who could then be paid for the rehabilitation by SSA without a referral, that beneficiaries have better access to information about SSA's work incentive programs through the Benefits Planning Assistance Outreach (BPAO) grantees, and that providers have better knowledge of how returning to

work will affect client benefits.<sup>1</sup> SSA has taken and continues to take other actions that are designed to improve access to information on work issues. It has provided extensive training of field office staff; developing work incentive specialist positions in each SSA area; training a liaison to the area specialist in each field office to support beneficiary access to work information; and collaborating with the U.S. Department of Labor to establish disability program navigators at One-Stop Career centers.

SSA has also made improvements to its basic systems that seem likely to facilitate beneficiaries' return-to-work efforts. Some of these improvements address long-standing issues, and it is possible that, even without TTW, the changes would have improved beneficiary employment outcomes and reduced dependence on benefits. New software, new data systems, and other enhancements in SSA procedures should help reduce overpayments and retroactive terminations, speed Ticket eligibility verification, provide timely information about use of the Trial Work Period, and speed payments to providers. SSA administrators have recently accorded high priority to process such post-entitlement work and have budgeted more resources to that effort.

The various changes extend beyond the walls of SSA, most obviously to SVRAs. Ticket implementation has clearly focused SVRA attention on disability beneficiaries, made the agencies aware of SSA's desire to reduce dependence on benefits through increased earnings, and motivated the agencies to pay more attention to the consequences of increased earnings for benefits. A few SVRAs have even taken what can be viewed as positive steps to promote the development of the EN market.

## **B. TICKET USE AND PROVIDER PARTICIPATION IS LOWER THAN MANY HOPED**

Reliance on TTW is lower than hoped for at this stage. The best evidence comes from Phase 1 states, where rollout was completed in November 2002 (see Chapter IV). Nine months later (August 2003), the assignment rate was only 0.74 percent, although it continues to rise. In addition, 91 percent of Tickets were assigned to SVRAs and the share of Tickets assigned under the new payment systems was particularly low (3 percent for outcomes-only and 11 percent for milestone-outcome system) and declining (see Chapter IV). The experience in Phase 2 states, where rollout ended in September 2003, appears to be similar to the experience of Phase 1 states in the comparable period.

Provider participation in TTW has also been much lower than predicted. Although over 700 providers have signed up to be ENs in the Phase 1 and 2 states, only about 250 have accepted Ticket assignments (Chapter III). Payments to ENs with Tickets are thus far

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<sup>1</sup>This statement is based on the impressions left by several interviews of staff at SSA, the state VR agencies, and ENs. Conducting a rigorous evaluation of changes in beneficiary and provider knowledge and access to information will require the more detailed survey data that will be available in 2005.

noticeably low, and, among the very few ENs that had accepted several Tickets, many were in various stages of contracting or leaving the market (Chapters III and V). No EN we have talked to thus far appears to be making money on its TTW activities, and the SVRAs continue to dominate the market for employment services to eligible beneficiaries.

It is important to note that some groups of eligible beneficiaries are participating at much higher rates than others. For the Phase 1 states, the participation rate in August 2003 was 1 percent for those who received their Tickets in the first rollout mailing (February 2002), 2 percent for those under age 40, 4.4 percent for those classified as having a severe hearing impairment, and over 1 percent in four states, including 1.9 percent in Delaware. Similarly, some groups are more likely than others to use the new payment systems. Variation by state is particularly wide-ranging—from a high of 45 percent of assignments using the new payment options in Arizona to a low of just 5 percent in South Carolina. We also find greater use of ENs funded through new payment systems by older beneficiaries and by those whose impairments are associated with medical conditions that increase in prevalence with age.

### **C. IT IS STILL TOO EARLY TO JUDGE THE TICKET TO WORK PROGRAM FULLY**

It is too early to know whether TTW, as currently designed, can achieve all its goals. The evidence we have been able to collect to date clearly shows that implementation problems have reduced provider interest in the program.

SSA is attempting to address the major pressure points, that is, those issues that have been most detrimental to the program, and it is possible that changes already in place will stimulate provider and beneficiary interest. Most important, SSA has taken steps to simplify the documentation of earnings required to trigger Ticket payments and to improve the timeliness of payments once evidence is submitted. It has also taken steps to reduce backlogs in post-entitlement workloads that have made confirmation of Ticket eligibility and adjudication of EN claims for payment problematic, and it recently launched a significant beneficiary outreach effort as well as an effort to help providers find other sources of funding to support their operations. Whether these steps will prove sufficient to enable TTW to achieve its goals cannot be determined until more data become available. However, it appears that SSA must continue to address these pressure points aggressively if the program is to succeed.

One important issue demanding consideration is the continued dominance of SVRAs in the employment services market for beneficiaries. Even though TTW has clearly expanded choice for beneficiaries, most Tickets have been assigned to SVRAs under the traditional payment system. The dominance of SVRAs appears to be inconsistent with the objective of developing a competitive market for beneficiary services. If SSA wants to increase competition it will have to work with the Rehabilitation Services Administration (RSA) to develop new ways to involve both SVRAs and ENs in the TTW program.

One key issue is the general policy of most SVRAs to not provide services to beneficiaries that have already assigned their Ticket to an EN, except under an agreement in which the EN would compensate the agency. This policy has been adopted on the grounds that the Rehabilitation Act prevents the agencies from providing Title I vocational rehabilitation services to individuals who are receiving comparable services from other organizations. While the legal debate over this interpretation is continuing, implications of changing the policy are fairly clear. Making SVRA services available to EN clients, without compensation from the EN, would substantially increase the value to the beneficiary of assigning a Ticket to an EN if the beneficiary currently resides in a state with an agency that refuses to provide services without reimbursement. It would also mean, however, that SVRAs would provide more services to beneficiaries without the possibility of reimbursement from SSA.

Still another important issue is the extent to which agreements between SVRAs and ENs vary among states. In particular, the agreements differ in the extent to which they encourage EN participation in TTW. To address this issue SSA and RSA could provide guidance to SVRAs and ENs on the terms of SVRA/EN agreements, or even promulgate new regulations on these agreements. As previously discussed, these agreements describe the conditions under which a SVRA will provide services to a beneficiary when the beneficiary is referred by the EN for services, and cover subjects such as referral procedures, payment terms and schedules, and dispute resolution. In all instances we know of, the SVRA has developed a single SVRA/EN agreement, often with minimal input from ENs and other stakeholders, and has required the EN to sign the agreement prior to referring a Ticket holder to the state agency. In most agreements we have reviewed the SVRA shares some of the risk with the EN, but the financial terms tend to be highly favorable to the state agency. As an alternative, SVRAs could help capitalize ENs, and foster the EN market, by sharing more of the risk. SSA and RSA could collaborate to develop risk-sharing models, and encourage their adoption. The federal agencies could also develop regulations that specify risk-sharing provisions for the VR/EN agreements. Such regulations could be viewed as a compromise between the two extreme positions on the issue of whether beneficiaries who assign their Tickets to ENs are still entitled to receive state VR agency services under Title I of the Rehabilitation Act.

A recent letter from the Ticket to Work and Work Incentive Advisory Panel (2003) raised the issue of beneficiary choice and asked SSA and RSA to reassess policies about the ways in which SVRAs can take Tickets. Under Transmittal 17 of the Social Security Provider's Handbook, distributed in September 2002, a SVRA can receive a Ticket assignment by transmitting a signed Individual Plan for Employment (IPE) and an *unsigned* copy of SSA Form 1365 (which SVRAs use to register a beneficiary's Ticket with SSA). The policy has caused considerable concern on the part of both SVRAs and ENs. Even though several SVRAs have developed procedures to ensure that beneficiaries are fully aware of the potential consequences of signing an IPE, the policy may, in practice, allow SVRA to receive assignments from beneficiaries who may not even know they have a Ticket, who may be unaware they have assigned their Ticket, or who may be unaware of the consequences of Ticket assignment. Some SVRAs have expressed concern about this provision, indicating that the policy seems to conflict with the consumer choice provisions of the Rehabilitation

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Act. At the same time, some ENs have argued that the guidance gives SVRAs an unfair advantage and limits ENs' ability to recruit and serve beneficiaries. Requiring SVRAs to obtain a signed Form 1365 might increase beneficiary assignments to ENs, although we have no evidence that a substantial increase would occur.

The issue of the relationships between SVRAs and ENs is part of an even larger issue concerning the ability of ENs to co-mingle funds from TTW with funds they receive from other public and private sources. As noted in Chapter III, some providers are refraining from serving Ticket holders because they believe that their funding from other sources (for example, Medicaid) will be jeopardized by Ticket to Work revenue. The essential question is whether it was Congressional intent for the Ticket to Work program to make beneficiaries ineligible for the full range of Title I VR services, Medicaid, or other supports provided by the many programs for which beneficiaries might be eligible, by making them eligible for EN services under Ticket to Work? Or is it the legislative intent for the TTW program to provide additional and longer-term funding for beneficiaries who often require ongoing and intensive supports to maintain employment? The issue of whether TTW should be viewed as substitute or complementary funding has not been adequately addressed by SSA, and is inhibiting the ability of providers to serve Ticket holders. While it appears that SSA has not yet been able to provide clear policy guidance on the issue, it is certainly not an issue that SSA can address alone. This will require working in collaboration with other federal entities providing funding for services to people with disabilities, and may also require clarification by Congress on the fundamental intent of the legislation.

Beyond the pressure point issues discussed above, the TTW performance is likely to be affected by the downturn in the economy. As the evaluation proceeds, we will pay careful attention to the extent to which local economic conditions affect the extent to which TTW influences beneficiaries' employment, earnings, and benefit receipt. It is essential that SSA understand how well TTW works in different economic environments so that it can make accurate projections of program costs and effects on the beneficiary rolls.

The economic downturn might have affected the program in several ways. The most obvious is that the downturn has reduced the number of job vacancies and increased competition for those positions that remain. Other possible effects are subtler. A poor economy tends to reduce state budgets, with the result that state funds that might otherwise have helped support beneficiary return-to-work efforts are less likely to be available. State Medicaid programs, which have seen states tighten eligibility requirements and reduce coverage (Smith et al. 2003), provide a clear example. Beneficiaries also are likely facing greater competition from others for state employment and other support services. Some SVRAs we interviewed for the study reported cuts in state funding. Some ENs might be facing financial difficulties for reasons related to the economy but unrelated to TTW, making it harder for them to finance their entry into TTW.

We can reasonably conclude that TTW, as initially implemented, has had, at most, extremely small effects on beneficiary exits due to work. We base our conclusion on the fact that overall participation rates in TTW are still noticeably low, that most beneficiaries who use Tickets are served by the traditional payment system, and that only a few payments have

been made to TTW providers. Thus, TTW has yet to have a dramatic effect on beneficiaries' service use patterns, although Ticket's effects may be felt if the economy rebounds and as SSA continues to improve TTW operations. In addition, greater effects may materialize over time as we begin to see the full effect of efforts to educate beneficiaries about their work options and opportunities.

#### **D. MORE FUNDAMENTAL CHANGES TO TTW MIGHT BE NEEDED**

Although TTW, as currently designed, has not yet existed long enough for us to reach judgments about its success, more fundamental changes to the program's design, or to the work incentive features of the DI and SSI programs, could be required if substantial increases in beneficiary earnings and reduced reliance on income support are ever to be realized. A major issue to consider would be how to increase potential providers' interest in participating in the program.

The obvious ways to increase ENs' interest would be to increase the size of the networks' payments and to restructure payments for earlier receipt. Depending on how ENs and beneficiaries respond, such changes might either increase or reduce total disability program costs (i.e., benefit payments plus Ticket payments). Payment increases beyond some point will increase total program costs for the simple reason that benefit reductions have a finite limit. Although the intent of the Ticket Act is to reduce or at least not increase total program costs, an increase in TTW costs might--from a broad societal point of view--be optimal given potential impacts on costs for other programs (such as Medicaid and Medicare) and the value of increased income to the beneficiary, among other things.<sup>2</sup> We do not, however, have any empirical evidence on the extent to which any given change would result in greater provider participation, greater beneficiary interest, or more desirable employment and program outcomes.

Another approach to increasing EN interest would be to take steps to reduce or eliminate SVRA use of the traditional payment system. Currently, the system is available only to SVRAs, most of which appear to have a strong preference for continuing use of this system rather than use of the new payment system. Limiting or eliminating use of the traditional system would encourage the SVRAs to rely on the new payment system. Such a change would make it a little easier for ENs to compete with the SVRAs, although the agencies' Title 1 funding will continue to give them a strong competitive advantage. SSA could also consider changing the rules for the traditional payment system in ways that would link payments more closely to SSA's goal of increasing beneficiaries' self-sufficiency, not just their work activity.

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<sup>2</sup> On the grounds that marginal participants will increase their earnings from zero to the SGA level and that increased earnings represent a benefit to society in their entirety, Orr (2003) argues that payments should be roughly equal to SGA for DI beneficiaries. A similar line of reasoning leads to an even higher payment for SSI beneficiaries, after allowing for the effect of the Section 1619 benefit offset provisions.

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Another change requiring consideration would be to modify Ticket payments so that providers were rewarded for increasing beneficiary productivity and reducing SSI payment for beneficiaries who work and receive partial benefits. Currently, outcome payments are not triggered unless beneficiaries stop receiving payments from both programs, but there are SSI recipients, including some who also receive DI, whose benefits are reduced but not eliminated when their earnings increase. The milestones payments give ENs some reward for helping beneficiaries reduce their benefits. Similarly, the traditional payment system rewards SVRAs that help beneficiaries earn above the substantial gainful activity level for at least nine months even if those beneficiaries remain on the rolls. A partial payment system for use by providers might be appropriate for SVRAs, perhaps even as a replacement for the traditional payment system. Partial payments that exceed benefit savings should perhaps also be considered on the grounds that increased beneficiary earnings have some value to society even if they are not fully offset by benefit savings.

It is clear that the work incentive provisions of both the SSI and DI programs directly conflict with providers' desires to generate Ticket payments. Many of the incentives allow beneficiaries to stay on the rolls while testing the employment waters (indefinitely for SSI), but TTW providers generally receive payment only when a beneficiary no longer receives benefit payments. ENs that help beneficiaries use the work incentives run the risk of not receiving payment for their efforts. Many providers we have talked to are acutely aware of this problem. It is also clear from evidence we have collected that the differences between the work incentive provisions of the two programs have added substantial complexity to TTW implementation. These differences make it difficult for SSA to integrate processes and data systems across the two programs and are a significant source of confusion to beneficiaries and providers alike. Depending how TTW plays out, SSA may eventually need to give serious consideration to redesigning the work incentive programs or the TTW program to resolve this conflict. This issue could be addressed in SSA's forthcoming Benefit Offset Demonstration for DI that would introduce a \$1 for \$2 benefit offset similar to that in the SSI program and could include special provisions for making TTW payments to providers that work with demonstration participants that use this new offset.

In considering any changes to the TTW program, it is important to be realistic about what TTW can achieve, even if payments were increased and work incentive provisions restructured. TTW is a program intended to improve employment outcomes for people who have passed a rigorous test to show that they cannot engage in substantial gainful activity. The severity of their impairments, combined with other personal characteristics, might make work an unrealistic option for some beneficiaries under any circumstances. Other individuals face environmental barriers and disincentives to work that would not be addressed by the work incentive programs, even under the best imaginable program configuration. Barriers and disincentives include possible reduction or loss of both income and in-kind benefits, the existence of a highly fragmented support system, lack of marketable skills, and employers' concerns about hiring or retaining those deemed unfit for gainful activity, regardless of whether such concerns are legitimate. The NASI panel that proposed the Ticket concept saw it as a way to help a small share of beneficiaries attain self-sufficiency through employment, with net savings to the disability programs—a small step forward. It seems likely that many

other disincentives and barriers to employment will need to be addressed before it is possible for large numbers of beneficiaries to achieve self-sufficiency through employment.

In any event, changes should be made quickly in order to preserve the TTW program's current momentum. Participation rates were still rising through August 2003, the last month for which we have data, but ENs are continuing to drop out of the program. As a result, beneficiaries may face reduced choices and program enrollments may stagnate. The loss of momentum is not the end of TTW, but may make it harder to SSA to provide the choices and opportunities that TTW promises to beneficiaries.

## CHAPTER VIII

### NEXT STEPS FOR THE EVALUATION

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The evaluation, like the TTW program itself, is in its early stages. This first report presents limited findings based on interviews with SSA, the Program Manager, and a small group of experienced ENs. The report also presents descriptive statistics based on preliminary TTW data. While these data sources provide useful operational information, they leave many key evaluation issues to be addressed by the data collection and analyses that will be completed during the next four and a half years. This chapter presents the data collection plan and the timing and content of future evaluation reports.

#### A. DATA COLLECTION SCHEDULE

Data collection for the evaluation is already under way and will continue over the next few years. Below we describe the plans for the evaluation's three major data collection efforts.

##### 1. Administrative Records

SSA administrative records will contribute to the analysis of TTW outcomes and impacts and help address virtually every priority research question for the evaluation (Table I.1).

The complex task of extracting beneficiary information from SSA's extensive databases has already begun. We will create a longitudinal database from SSA administrative records that ultimately will include up to ten years of data for more than 15 million beneficiaries. This database will enable the evaluation to compare outcomes for beneficiaries before and after TTW implementation and in states with different employment and service environments. These comparisons are essential to measuring the extent to which TTW changes the employment and program participation outcomes for beneficiaries. The large size of this file means that analyses can be done for many beneficiary subgroups, including those included in the Adequacy of Incentives study and groups defined by their primary disabling condition, prior benefit receipt patterns, work history, or demographic characteristics.

The first version of this database will be analyzed in spring 2004. It will be updated in 2005 and 2007 and incorporated into the reports issued in those years.

Other administrative data will come from the Program Manager's TTW system and the Rehabilitation Services Administration, which collects data about vocational rehabilitation service delivery. Those data will be essential to describing participation in TTW, particularly for beneficiaries who are served by SVRAs under the traditional payment system before and after the roll-out of the other TTW provisions. The Program Manager data is already being collected and should be available for all of the subsequent evaluation reports. SSA is currently negotiating with the Rehabilitation Services Administration to link individual vocational rehabilitation records with SSA records.

## **2. Surveys**

A series of surveys will contribute to the outcomes and impacts analysis, the adequacy of incentives analysis, the process analysis, and the participation analysis. The surveys will provide detailed information about beneficiaries' understanding of the TTW program, their attitudes and expectations about work and their actual work activity (including their wages, hours of work, occupations, and fringe benefits).

There will be two sets of surveys. First, the National Beneficiary Survey will interview a representative cross section of all active beneficiaries. This survey will be repeated each year starting February 2004 and continuing through 2007. It will track beneficiaries' knowledge and views of TTW and other SSA programs as well as their levels of employment and service use. The evaluation will use this survey to analyze TTW participation and to understand the overall context within which TTW is fielded. Because it includes a representative sample of all beneficiaries, SSA will also use this survey to address broader issues, including beneficiary understanding and use of currently available work incentives, and to inform the design of future employment initiatives and beneficiary outreach and education strategies.

Second, the TTW Participant Survey will interview a representative sample of beneficiaries who have assigned Tickets to ENs. We will use data from this survey to assess beneficiaries' experiences with ENs, particularly their service receipt, job placements, and satisfaction levels. This survey includes a new cross-section of beneficiaries each year as well as longitudinal follow-up interviews with a sample of the beneficiaries interviewed in the previous year. Altogether, more than 27,000 interviews are planned with beneficiaries and participants during the evaluation.

The beneficiary questionnaire is currently being finalized after a pretest conducted in December 2003. The sampling plan has already been developed and approved, and the sample for the first National Beneficiary Survey will be drawn from a list of all beneficiaries who received benefits in June 2003 (the survey will also include some beneficiaries whose benefits were temporarily suspended). The initial round of the longitudinal TTW Participant Survey will be drawn from all beneficiaries who had a Ticket in use between January 1, 2003 and September 1, 2003. That is, it will include beneficiaries who had their Ticket assigned

prior to September 2003 and had not terminated their Ticket assignment prior to January 2003. The sample excludes beneficiaries who participated only prior to 2003 because of concerns that they would not be able to remember details of their TTW experience when interviewed in 2004. It will take about six months to complete the interviewing for these surveys, so that data should be available for analysis late in 2004. The subsequent survey rounds will be rolled out so that new survey data will be available each year through 2007.

### 3. Qualitative Data

The evaluation will track TTW operations using interviews, focus groups, document reviews, and case studies. We plan to contact representatives of every group involved, including SSA (central, regional and field offices), the Program Manager, SVRAs, ENs, former ENs that withdrew from the TTW program, non-participating providers who considered becoming ENs, and advocacy groups for beneficiaries (the beneficiaries will be interviewed directly in the surveys). This data collection effort will contribute to the outcomes and impacts analysis, the adequacy of incentives analysis, and the process analysis. During the early years of the evaluation, the qualitative data will also provide formative feedback to SSA as it considers ways to improve the program and its operations.

Qualitative data will be collected every year through early 2007. Table VIII.1 indicates the tentative schedule for qualitative data collection, although the plan may change in order to address emerging policy or operational issues.

**Table VIII.1: Number of Planned Interviews with TTW Groups by Year and Group**

Data Collection Activity	Year 1	Year 2	Year 3	Year 4	Year 5
SSA Site Visits	6	5	--	5	--
Program Manager Site Visits	1	1	--	1	--
ENs and SVRAs					
Site Visits	20	20	0	10	0
Focus Group Participants	0	42	0	56	0
Telephone Interviews	25	50	80	80	80
Non-TTW Providers					
Focus Group Participants	35	28	--	28	--
Telephone Interviews	--	25	25	25	25
Advocacy and Other Group					
Interviews	--	25	--	25	--
<b>Total</b>	<b>87</b>	<b>196</b>	<b>105</b>	<b>230</b>	<b>105</b>

## B. ANALYSIS AND REPORT SCHEDULE

The evaluation will produce four more major reports on TTW, one in each of the next four years. As more data become available over time, the successive reports will provide additional analyses relevant to some of the research questions addressed in this report, and also analyze for the first time some issues that we were unable to address in the present report. Below we highlight some of the unique features of forthcoming reports.

**Spring 2004.** The next report will be the first to present results from analyses of SSA administrative data. These data will be used to describe the characteristics of TTW participants and nonparticipants, particularly their demographics, DI/SSI status, primary disabling condition, and work history. It will also present available information on beneficiary employment, earnings, and program exits because of work, but will not include an impact analysis. We will conduct an initial test of the methods developed to estimate impacts, as an assessment of the proposed methodology, but it will be too early in the TTW roll-out to provide policy-relevant estimates of effects. This report also will present additional findings from the process study, including a discussion of factors that affect organizations' decisions to participate or not participate as ENs.

**Spring 2005.** This report will be the first to include results from the beneficiary survey, including additional information on participant characteristics and new information on beneficiaries' knowledge of and participation in the Ticket program. This report also will be the first to address program effects on beneficiaries, presenting early impact findings on outcomes such as employment, earnings, participation in benefits programs, amount of benefits received, and total income.

**Spring 2006.** This report will draw on all data sources to present updated findings on all major elements of the evaluation—the process study, the participation study, and the outcomes and impacts study. This will also be the first report to analyze the longitudinal survey information on participants, which will track the duration of their employment and service use.

**Spring and Fall 2007.** These reports will revisit and update all the key research issues, summarize the evaluation's most important findings and, if warranted, present final recommendations and matters for consideration by TTW stakeholders and policy makers, particularly SSA and the Congress.

Each report will include a special analysis of the adequacy of TTW incentives and the extent to which all groups of beneficiaries participate and benefit from the program. These analyses will pay particular attention to relative levels of participation among different groups of beneficiaries (particularly those defined by the Ticket Act as being of special concern).

There will also be a series of specialized reports on the data collection activities and methods used in the evaluation. Non-technical summaries will also be prepared for the major reports produced in 2004, 2005, and 2007.

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## **APPENDIX A**

### **DATA TABLES CORRESPONDING TO FIGURES IN CHAPTER IV**

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**I**n this appendix, we present statistics derived from the Office of Information Management's Universe File. In Section A, we present monthly statistics on mailings, active Tickets, first-time Ticket assignments, and Ticket de-activations. In Section B, we present statistics on the characteristics of eligible beneficiaries and participants (i.e., those with active Tickets) for August 2003. Each section includes separate tables for Phase 1 and Phase 2 states.

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**TABLES SHOWING MONTHLY STATISTICS FROM PROGRAM INCEPTION**
**Table A.1      Number of Tickets Sent Tickets, Phase 1 and 2 States, February 2002 through August 2003 (Complements Figure IV.1)**

	Phase 1 States	Phase 2 States
Feb-02	237,567	1
Mar-02	965	3
Apr-02	366,757	2,428
May-02	615,768	3,588
Jun-02	748,951	4,880
Jul-02	152,734	318
Aug-02	152,862	290
Sep-02	156,695	323
Oct-02	155,726	253,894
Nov-02	42,812	780
Dec-02	20,360	2,117
Jan-03	14,901	268,449
Feb-03	20,840	266,822
Mar-03	20,828	269,753
Apr-03	23,511	274,000
May-03	24,024	277,371
Jun-03	23,375	280,600
Jul-03	23,451	284,098
Aug-03	23,429	286,583

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**Table A.2 Cumulative Number of Eligible Beneficiaries Sent Tickets, Phase 1 and 2 States, February 2002 through August 2003 (Complements Figure IV.2)**

	Phase 1 States	Phase 2 States
Feb-02	236,083	1,153
Mar-02	236,470	1,153
Apr-02	600,911	3,564
May-02	1,212,137	7,127
Jun-02	1,954,447	11,973
Jul-02	2,101,439	12,256
Aug-02	2,248,160	12,521
Sep-02	2,398,841	12,808
Oct-02	2,547,486	266,060
Nov-02	2,583,378	266,245
Dec-02	2,591,116	267,608
Jan-03	2,590,715	534,088
Feb-03	2,596,780	798,410
Mar-03	2,603,524	1,064,994
Apr-03	2,610,852	1,335,195
May-03	2,617,932	1,608,050
Jun-03	2,627,074	1,883,817
Jul-03	2,633,785	2,162,062
Aug-03	2,641,341	2,442,524

**Table A.3 Percentage of Eligible Beneficiaries with Ticket in Use, Phase 1 and 2 States, February 2002 through August 2003 (Complements Figure IV.3)**

	Phase 1 States	Phase 2 States
Feb-02	0.06	0.00
Mar-02	0.34	0.09
Apr-02	0.23	0.20
May-02	0.20	0.18
Jun-02	0.22	0.22
Jul-02	0.29	0.25
Aug-02	0.36	0.30
Sep-02	0.39	0.34
Oct-02	0.44	0.02
Nov-02	0.46	0.04
Dec-02	0.48	0.09
Jan-03	0.53	0.09
Feb-03	0.55	0.11
Mar-03	0.56	0.15
Apr-03	0.60	0.18
May-03	0.65	0.20
Jun-03	0.68	0.23
Jul-03	0.71	0.25
Aug-03	0.74	0.27

**Table A.4 Percentage of Tickets Assigned to the Three Payment Systems, Phase 1 and 2 States, February 2002 through August 2003 (Complements Figure IV.4)**

	Phase 1			Phase 2		
	Traditional Payment System	Outcome Only	Milestone + Outcome	Traditional Payment System	Outcome Only	Milestone + Outcome
Feb-02	69	5	26	--	--	--
Mar-02	82	4	14	--	--	--
Apr-02	78	5	18	--	--	--
May-02	76	4	20	--	--	--
Jun-02	77	4	19	--	--	--
Jul-02	77	4	19	--	--	--
Aug-02	78	3	18	--	--	--
Sep-02	79	3	18	--	--	--
Oct-02	81	3	16	--	--	--
Nov-02	82	3	16	72	2	26
Dec-02	82	3	15	64	8	28
Jan-03	82	3	15	65	8	27
Feb-03	83	3	14	64	6	30
Mar-03	83	3	14	67	7	26
Apr-03	84	3	13	69	6	25
May-03	85	3	12	71	7	23
Jun-03	86	3	11	73	6	21
Jul-03	87	3	11	74	6	20
Aug-03	87	3	11	75	6	20

**Table A.5 Number of Tickets Assigned Under the Three Payment Systems, Phase 1 and 2 States, February 2002 through August 2003 (Complements Figure IV.5)**

	Phase 1				Phase 2			
	Total	Traditional Payment System	Outcome Only	Milestone + Outcome	Total	Traditional Payment System	Outcome Only	Milestone + Outcome
Feb-02	137	94	7	36	-	-	-	-
Mar-02	809	667	34	111	1	1	-	-
Apr-02	1,400	1,093	65	249	7	6	-	1
May-02	2,443	1,867	107	482	13	11	-	2
Jun-02	4,270	3,294	172	819	26	20	-	6
Jul-02	6,099	4,703	237	1,181	31	21	-	10
Aug-02	8,086	6,346	273	1,490	38	26	-	12
Sep-02	9,309	7,399	299	1,635	43	31	-	12
Oct-02	11,149	9,040	325	1,818	56	40	-	16
Nov-02	11,883	9,687	343	1,882	97	70	2	25
Dec-02	12,475	10,217	362	1,916	233	150	18	65
Jan-03	13,592	11,211	392	2,003	470	305	38	127
Feb-03	14,147	11,697	419	2,038	882	562	57	263
Mar-03	14,668	12,209	431	2,037	1,576	1,061	109	406
Apr-03	15,702	13,241	446	2,018	2,392	1,642	155	595
May-03	16,927	14,421	460	2,036	3,288	2,328	219	741
Jun-03	17,823	15,331	474	2,007	4,296	3,132	253	911
Jul-03	18,818	16,283	479	2,037	5,419	4,001	314	1,104
Aug-03	19,583	16,965	498	2,089	6,537	4,876	384	1,277

**Table A.6 Percentage of Tickets Assigned to the Two Types of Providers, Phase 1 and 2 States, February 2002 through August 2003 (Complements Figure IV.6)**

	Phase 1		Phase 2	
	SVRA	Employment Network	SVRA	Employment Network
Feb-02	82	18	--	--
Mar-02	87	13	--	--
Apr-02	83	17	--	--
May-02	81	19	--	--
Jun-02	82	18	--	--
Jul-02	82	18	--	--
Aug-02	83	17	--	--
Sep-02	84	16	--	--
Oct-02	85	15	--	--
Nov-02	85	15	76	24
Dec-02	86	14	68	32
Jan-03	87	13	70	30
Feb-03	87	13	70	30
Mar-03	88	12	74	26
Apr-03	89	11	76	24
May-03	90	10	79	21
Jun-03	90	10	80	20
Jul-03	91	9	81	19
Aug-03	91	9	82	18

**Table A.7**      **Number of First Assignments and Net Deactivations, Phase 1 and 2 States, February 2002 through August 2003 (Complements Figure IV.7)**

	Phase 1		Phase 2	
	1st Assignment	Net Deactivated	1st Assignment	Net Deactivated
Feb-02	134	1	0	0
Mar-02	676	1	1	0
Apr-02	598	6	6	0
May-02	1,059	9	6	0
Jun-02	1,843	13	13	0
Jul-02	1,853	34	5	0
Aug-02	2,028	60	7	0
Sep-02	1,286	49	5	1
Oct-02	1,895	95	13	2
Nov-02	830	95	43	2
Dec-02	676	98	136	2
Jan-03	1,215	114	238	4
Feb-03	664	125	417	17
Mar-03	642	151	712	15
Apr-03	1,171	112	831	17
May-03	1,315	136	912	17
Jun-03	1,023	65	1,034	29
Jul-03	1,062	67	1,145	14
Aug-03	811	70	1,138	37

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**TABLES SHOWING CHARACTERISTICS OF ELIGIBLE BENEFICIARIES  
AND PARTICIPANTS, AUGUST 2003****Table A.8 Ticket Participation Rates by Age, August 2003 (Complements Figure IV.8)**

	Phase 1	Phase 2
18 - 24	2.0	0.9
25 - 29	1.6	0.6
30 - 34	1.4	0.5
35 - 39	1.2	0.4
40 - 44	1.1	0.4
45 - 49	0.9	0.3
50 - 54	0.6	0.2
55 - 59	0.3	0.1
60 - 64	0.1	0.0

**Table A.9 Ticket Participation Rates by State, August 2003 (Complements Figure IV.9)**

Phase 1	
Arizona	0.4%
Colorado	0.4%
Delaware	1.9%
Florida	0.3%
Illinois	1.2%
Iowa	0.8%
Massachusetts	0.3%
New York	1.0%
Oklahoma	0.9%
Oregon	0.3%
South Carolina	0.8%
Vermont	1.4%
Wisconsin	1.2%
Phase 2	
Alaska	0.2%
Arkansas	0.1%
Connecticut	0.3%
District of Columbia	0.4%
Georgia	0.1%
Indiana	0.1%
Kansas	0.2%
Kentucky	0.1%
Louisiana	0.4%
Michigan	0.6%
Mississippi	0.2%
Missouri	0.2%
Montana	0.4%
Nevada	0.5%
New Hampshire	0.1%
New Jersey	0.2%
New Mexico	0.1%
North Dakota	0.1%
South Dakota	1.2%
Tennessee	0.4%
Virginia	0.2%

**Table A.10 Ticket Participation Rates by Primary Impairment, August 2003  
(Complements Figure IV.10)**

Primary Impairment	Phase 1	Phase 2
Respiratory system	0.3	0.1
Circulatory system	0.3	0.1
Musculoskeletal system	0.4	0.1
Neoplasms	0.4	0.2
Digestive system	0.5	0.2
Endocrine/nutritional	0.5	0.2
Skin/subcutaneous tissue	0.6	0.2
Other	0.6	0.2
Missing	0.7	0.3
Other mental disorders	0.8	0.3
Blood/blood-forming diseases	0.8	0.5
Mental retardation	0.9	0.3
Infectious & parasitic diseases	0.9	0.3
HIV/AIDS	0.9	0.3
Major affective disorders	0.9	0.4
Nervous system	0.9	0.3
Injuries	1.0	0.4
Genitourinary system	1.0	0.4
Schizophrenia/psychoses/neur.	1.1	0.4
Severe visual impairment	1.3	0.5
Congenital anomalies	1.3	0.7
Severe speech impairment	1.5	0.4
Severe hearing impairment	4.4	1.3

**Table A.11 Ticket Participation Rates by Months Since Benefit Award, August 2003  
(Complements Figure IV.11)**

Months	Phase 1	Phase 2
0 - 6	0.1	0.1
7 - 12	0.3	0.2
13 - 18	0.5	0.3
19 - 24	0.7	0.3
25 - 30	0.8	0.3
30 - 36	0.8	0.3
36 - 48	0.9	0.4
49 - 60	0.9	0.3
61 - 120	0.8	0.3
120+	0.7	0.2

**Table A.12 Ticket Participation Rates by Months Since Ticket Mailed, August 2003  
(Complements Figure IV.12)**

Months	Phase 1	Phase 2
0 - 3	0.1	0.2
4 - 6	0.3	0.3
7 - 9	0.4	0.4
10 - 12	0.9	
13 - 15	0.7	
16 - 18	0.9	

**Table A.13 Percentage of In-Use Tickets Assigned to Different Providers and Under Different Payment Systems, by State, Phase 1 States Only, August 2003 (Complements Figure IV.13)**

	SVRA	EN	Traditional VR	Outcomes Only	Milestone + Outcomes
Arizona	55.2	44.6	54.7	7.3	37.9
Florida	67.1	32.7	65.9	9.4	24.6
Oregon	74.6	25.4	73.2	14.6	12.1
Massachusetts	84.5	15.5	70.3	4.9	24.8
Iowa	90.3	9.7	88.5	3.0	8.5
Colorado	90.4	9.6	90.1	6.3	3.6
Wisconsin	93.2	6.8	92.8	1.7	5.5
Illinois	94.2	5.8	93.6	0.9	5.5
New York	94.2	5.7	94.1	0.7	5.2
South Carolina	96.1	3.9	95.2	1.0	3.8
Delaware	97.2	2.8	87.4	0.9	11.8
Oklahoma	98.8	1.1	51.6	0.8	47.6
Vermont	99.6	0.4	72.3	27.3	0.4

**Table A.14 Percentage of In-Use Tickets Assigned to Different Providers and Under Different Payment Systems, by Age, Phase 1 States Only, August 2003 (Complements Figure IV.14)**

Age	SVRA	EN	Traditional VR	Outcomes Only	Milestone + Outcomes
18 - 24	96.1%	3.9%	92.1%	0.8%	7.1%
25 - 29	90.7%	9.2%	87.4%	1.6%	11.0%
30 - 34	90.9%	9.1%	86.8%	2.6%	10.6%
35 - 39	91.5%	8.5%	87.3%	2.8%	9.9%
40 - 44	90.4%	9.6%	87.0%	2.7%	10.4%
45 - 49	91.2%	8.8%	86.9%	2.5%	10.5%
50 - 54	88.9%	11.1%	84.5%	3.3%	12.2%
55 - 59	87.5%	12.5%	82.5%	3.8%	13.7%
60 - 64	86.4%	13.4%	78.7%	4.5%	16.8%

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# **APPENDIX B**

## **PROVIDER-SPECIFIC CASE STUDY SUMMARIES**

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### **EN CASE STUDIES**

#### **1. AAA TAKECHARGE**

##### **a. Implementation and Service Delivery Approach**

The President of TakeCharge had been working as a provider of employment and placement services for people with disabilities prior to TTW. When TTW came about, she developed the idea of sharing the payments with beneficiaries, and developing a web-based resource for clients based on information she had collected during her years as an employment service provider. When the organization for which she works decided not to participate as an EN, she was free to pursue the development of TakeCharge as a side activity.

Through TakeCharge's password-protected portion of its website, TakeCharge clients can obtain information and links to additional resources to:

- Learn about the five best and five worst ways to hunt for a job.
- Access vocational tests so clients can narrow their choice of occupation.
- Obtain detailed information on the 250 most common occupations in the country and find out what occupations are in demand in clients' local areas.
- Locate government-subsidized training programs in clients' local area that prepare them for high-demand occupations.
- View samples of good resumes, obtain tips on how to develop a resume, obtain tips on how to prepare for a job interview, and get advice about whether to tell potential employers about a disability.
- Consult with adaptive equipment experts who can help determine how to adapt a particular job or task to the clients' needs.
- Obtain information on government health care coverage, how to resume Social Security benefits if needed, and how to communicate effectively with Social Security.

After a client has become employed, he or she must print out a one-page Payment Request form and mail it to TakeCharge, along with the necessary earnings documentation, to start the Ticket payment process. As noted previously, TakeCharge pays clients 75 percent of the Ticket payments it receives from SSA. This amounts to approximately \$245 per month for SSDI beneficiaries and \$150 per month for SSI-only recipients. The client will receive the payment after TakeCharge is paid by SSA. TakeCharge selected the outcome payment system, primarily because it was more straightforward than the outcome-milestone method. The interviewee believed it would be easier for Ticket clients to understand the outcome payment system and the resulting payments they would receive as clients of TakeCharge.

The interviewee noted that she has a patent pending for her model of web-based service delivery and cash payments to clients under TTW. She believes it to be a very simple idea, which will only succeed if administrative costs are kept at a minimum. Most of the burden of program administration is placed on the beneficiary. She described her development and involvement in TakeCharge as more of an interesting hobby than a business. In addition to the President and owner, TakeCharge has two other part-time staff persons, both family members of the President.

At the time of initial interview, TakeCharge had not had any interactions with state VR agencies. Several months subsequent to initial interview (in October 2002), TakeCharge began to negotiate agreements with state VR agencies.

## **b. Early Experiences Implementing TTW**

**Beneficiary Outreach and Enrollment.** At initial interview, TakeCharge did not conduct marketing or outreach. All Ticket clients were based on referrals from the PROGRAM MANAGER website or mailings. Staff interacted with clients entirely through the EN's website and email. TakeCharge operated an 800 number that provided a two-minute recorded explanation of the program, but directed callers to the website. The website ([www.aatakecharge.com](http://www.aatakecharge.com)) described the services and conditions for participation. Potential clients had to print out the application/ Individual Work Plan form, complete it, and return it via mail to TakeCharge. Staff did not screen clients; instead, the website contained information for potential clients to assess for themselves whether the services of TakeCharge would be appropriate for them, and to discourage those for whom TakeCharge might be inappropriate. For example, the website noted that beneficiaries should sign up with TakeCharge if they intended to become financially independent of Social Security disability payments and believed they could find work on their own; or if they were already working, but were not yet making enough money-- or making it for a long enough period of time—to stop their SSA cash benefits. If they intended to continue working or to increase earnings to the point where monthly SSA cash payments would stop, they were encouraged to sign with TakeCharge.

The website also suggested that if beneficiaries needed assistance getting a job, completing a college degree, or obtaining adaptive equipment, they should contact the state Vocational Rehabilitation (VR) agency and/or other ENs in their local areas. The website

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informed beneficiaries that state VR agencies were typically the organizations most likely to have the money to invest in equipment, college assistance, training or other special needs, and that local ENs were most likely to specialize in immediate job placement assistance.

Potential clients could email TakeCharge if they had further questions after reviewing the website information. The interviewee indicated that, at the time of initial interview, TakeCharge received about three to four emails per week. She also indicated that, by the nature of the questions, it appeared that beneficiaries interested in TakeCharge were very bright and savvy. They asked questions pertaining to Trial Work Period months and the amount of money they had to earn in order to receive payments from TakeCharge.

The interviewee noted that TakeCharge would have liked the Program Manager to be able to provide more descriptive information about ENs and how they operated. Cash payments to beneficiaries were not on the list of services the Program Manager used to describe and market ENs via the Program Manager website. TakeCharge had to describe its services as “other.” The interviewee believed that the Program Manager’s prescribed list of services that ENs could choose from was too narrow and that ENs should have been given more flexibility.

**Outcomes and Claims for Payment.** As noted previously, TakeCharge had 30 Ticket assignments at the time of initial interview in late June 2002. TakeCharge was among the ENs with the largest number of Ticket assignments at that time, but had not yet submitted any claims for payment.

**Program Administration.** The TakeCharge interviewee noted few issues in administering TTW. She did report experiencing some confusion over the process for unassigning Tickets and determining inactive status. She said that the Program Manager was unable or unwilling to give advice to ENs regarding the actions they should take, or how the 24-month review process would be conducted. She also recommended that, in the EN trainings run by the Program Manager, the Program Manager suggest to ENs that they provide beneficiaries with some incentive to submit their pay stubs.

### c. Status at Follow-up

**Service Delivery.** TakeCharge has not changed any aspects of its service delivery approach since initial interview. The EN has, however, begun to enter into agreements with two state VR agencies (Wisconsin and New York) to serve their clients. Under the terms of the agreement with the Wisconsin Division of Vocational Rehabilitation (DVR), TakeCharge will decline Ticket assignment for clients expected to consume \$10,000 or more in DVR services. These individuals will be served exclusively by DVR (or jointly with another EN). For individuals expected to consume less than \$10,000 in DVR services, TakeCharge will accept Ticket assignment. When Ticket outcome payments begin, and for their duration, the Ticket holder will receive \$125 each month. AAA TakeCharge will receive \$45 a month for DI clients and \$30 a month for SSI clients. DVR will receive the balance of the payment. A similar agreement has been discussed with the New York state VR agency, but has not been finalized.

Subsequent to developing the agreement with TakeCharge, the Wisconsin DVR sent mailings to approximately 100 Social Security beneficiary clients believed to be working at SGA, or believed to have the potential to work at levels higher than SGA. The letter explained that if consumers assigned their Tickets to TakeCharge, they would receive \$125 per month for every month they are working and not receiving Social Security. Only one or two dozen beneficiaries responded by assigning their Tickets to TakeCharge. The low response surprised DVR and TakeCharge staff, both of whom had anticipated that at least half the group would assign Tickets to TakeCharge.

**Ticket Assignments and Outcomes.** At follow-up interview in August 2003, TakeCharge had 316 Ticket assignments. The EN has received just under \$6,000 in payments on five beneficiaries since beginning its operations. A few additional beneficiaries are working and expect to be off of benefits and eligible for Ticket payments soon. The interviewee noted that, although costs are minimal, TakeCharge has been losing money on Ticket to Work. The EN now employs only one part-time staff person (in addition to the owner/director who manages the business as a part-time activity).

TakeCharge has not developed procedures for unassigning Tickets. This would add another level of administrative burden that the EN does not have the resources to support. At present, assigned Tickets are left assigned, regardless of activity.

**Program Administration.** Few problems with program administration were noted. Those reported centered on the claims submission and payment process. One problem is that beneficiaries have experienced difficulty submitting pay documentation that will meet SSA's requirements. According to the interviewee, none of the 20 or so TakeCharge clients who have submitted pay documentation have done so without problems. The requirements for the pay documentation are very specific, and some employers do not provide information that will meet that level of specificity. TakeCharge's procedure for correcting insufficient documentation is to return it to the beneficiary, indicating why it is deficient, and have the beneficiary address it. In some instances, however, it was unclear to TakeCharge staff why the documentation was insufficient and what was needed to rectify the situation.

Another issue noted was the time frame for receiving payments. The interviewee estimated that it takes three to four months, on average, to receive payment on a claim. Some claims have taken as long as five or six months. The Program Manager has indicated that the payment turnaround time is largely beyond its control and is driven primarily by SSA processing.

The interviewee notes that, in general, administering TTW has turned out to be more work for far lower returns than initially anticipated.

**Concerns and Expectations Regarding Future Success.** Although she has been losing money on TTW thus far, the owner of TakeCharge will continue to participate in the program. She indicates that she needs to receive payments on five or six beneficiaries each month in order to break even, and is just beginning to achieve that. She also feels a sense of responsibility to the beneficiaries who have signed up with TakeCharge and is committed to trying to help them through her program. The interviewee believes that TakeCharge could

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be considerably more successful if SSA were to concentrate its TTW marketing activities. In her opinion, TTW marketing efforts have been too broad and have not focused on the 7 to 10 percent of the beneficiary population most likely to work their way off benefits – those already working, but working at levels low enough to maintain benefits. The information about Ticket to Work seems to focus on getting a job and returning to work, rather than on increasing work levels among those already employed. She believes that a targeted mailing to working beneficiaries, advertising the fact that support in the form of money (as opposed to return-to-work services) is available under TTW, might induce a significant proportion to use their Tickets, increase their work activity, and go off benefits. The interviewee says that she has discussed with SSA OESP staff the concept of a test mailing targeted to those working and receiving benefits; but to date, she has not found support for this idea.

## **2. Arizona Bridge to Independent Living Employment Services**

### **a. Implementation and Service Delivery Approach**

ABIL's Employment Services start-up operations were funded by a \$100,000 matching grant from the Nina Mason Pulliam Charitable Foundation. According to the business plan developed at start-up, the organization expected to break even after two and a half years; after that, TTW would become profitable.

ABIL acts as a staffing agency, conducting job development, job search, and job placement activities on behalf of its clients. Counselors do not teach clients resume or job search skills, nor do they provide rehabilitation, assistive technology, or other costly services. The only requirement of clients is that they attend the job interviews ABIL has arranged for them. ABIL conducts interviewing workshops for clients to prepare them for job interviews, emphasizing the importance of promptness and preparedness when interacting with potential employers. When describing the Ticket program to clients, ABIL staff stress the voluntary aspect on both sides. Clients must understand that they are entering a long-term relationship with ABIL. As a full-service staffing agency, ABIL will act as an advocate for clients, provide peer support, and assist them with any work issues or barriers they encounter. Clients who fail to fulfill their responsibilities are not given a second chance; clients who do not show up for employment have their Ticket unassigned and returned to them.

ABIL paid a contractor to develop a Microsoft Access-based PC management information system specifically to administer TTW. The database maintains an electronic file on all TTW clients, includes fields to record all information necessary to serve the client and administer TTW, creates flags for follow-up actions, and generates forms. For example, the software can generate the completed Individual Work Plan; has a component that electronically tracks earnings documentation requests and receipts and EN payment claim submissions; and can generate reports on actions that require follow up after some period of time (e.g., non-receipt of earnings documentation, non-receipt of EN payment, non-receipt of Ticket assignment confirmation). The database also stores information on TTW beneficiaries who contact ABIL, but who do not assign their Tickets. The database permits ABIL staff to record the reason for non-assignment of the Ticket (i.e., whether the

beneficiary did not pursue assignment; whether ABIL refused the Ticket, and the reasons for the refusal).

Whether the individual is an SSI or DI beneficiary and the type and severity of an individual's disability are not significant factors in accepting a Ticket. However, ABIL only accepts Tickets from individuals who demonstrate a strong willingness to work. The goal of ABIL's screening process is to identify job-ready individuals who are motivated, skilled, and seeking full-time employment. They do not accept Tickets from clients who want to work part-time or from home. If the reason is related to fear of benefit loss or a barrier that could be easily addressed, ABIL staff counsels the individual and may still invite him or her in for the orientation session. Usually, however, staff refers these individuals to other providers or tells them to contact ABIL again at a later date when they are ready to work full-time.

When clients require education, training or other resources to address employment barriers before they are ready for employment, ABIL refers them to other area providers. Clients can be referred to the One-Stops for basic computer skills training, although ABIL does not share Ticket revenues with the One Stop. ABIL has established an agreement with the state VR agency that would allow ABIL clients to access long-term training and high-cost accommodations. Though these resources are available, at initial interview ABIL was not accepting Tickets from individuals requiring long-term training.

#### **b. Early Experiences Implementing TTW**

**Beneficiary Outreach and Enrollment.** At the time of the initial interview, ABIL had not actively marketed to Ticket holders, but planned to do so in the future. The organization was maintaining data on all Ticket holders that had contacted ABIL, as well as reasons why their Tickets were not assigned; e.g., the individual did not want to work full-time or failed to keep an appointment. This database would serve as a marketing list in the future. At the time of initial interview, the demand for TTW services seemed sufficient to support ABIL's business model, with 10-15 telephone inquiries daily.

At the first interview, ABIL had screened and counseled roughly 900 Ticket holders and had accepted about 100 Tickets. Potential clients underwent a 15-minute phone screen, during which they had to demonstrate enthusiasm for work. According to the interviewee, of those who completed the initial phone screening, about 15 to 25 percent were still interested in the program and participated in an orientation session. Potential clients were given two opportunities to attend the orientation session. Those who did not attend were referred to another provider. During the orientation, potential clients were told about TTW and SSA work incentive provisions. ABIL staff members encouraged attendees to shop around for other service providers before making a decision about where to assign their Tickets. About 50 percent of those who attended the orientation wanted to continue pursuing Ticket assignment with ABIL. After the orientation, those Ticket holders still interested in ABIL were scheduled for an individual appointment with the program Director. During this meeting, which lasted 60 to 90 minutes, she talked with clients about their goals and skills and identified any possible barriers that might emerge as they formulated a plan for employment. The Director also continued to educate clients about TTW and motivated

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them for employment. It was during this interview that the Director would decide whether ABIL would accept the Ticket. She accepted the Tickets of most individuals who reached the interview component of the process; however, in a few instances, she required them to first address specific barriers to employment before she would accept the Ticket.

**Outcomes and Claims for Payment.** At initial interview, about 28 of ABIL's clients were working. Of these, about 67 percent were DI-only, 23 percent were SSI-only, and 10 percent were concurrent beneficiaries. Employment retention rates were higher among ABIL's DI beneficiary clients.

At initial interview, a major issue ABIL had encountered was the length of time it took for the Program Manager and SSA to validate and pay claims. The interviewee said that ABIL usually did not receive payment until 120 days after filing the claim. She believed that four months was far too long to process EN payments, and thought it imperative that SSA rectify this problem in order for TTW to succeed.

The interviewee noted that BPAO staff was very important to the success of TTW clients and ENs, but funding was insufficient to meet the demand for benefits planning services. Health insurance coverage was also important for TTW clients. About 75 percent of the jobs obtained for ABIL clients included health insurance, but there was often a waiting period before coverage began. Arizona's Medicaid Buy-in program was not operational at the time of initial interview, so ABIL sought assistance from drug companies and local doctors in an attempt to obtain coverage for some clients. According to the interviewee, 10 to 12 ABIL clients worked below capacity to maintain their Medicaid coverage.

**Program Administration.** As noted above, ABIL developed a PC management information system used specifically to administer TTW. The ABIL interviewee noted how instrumental the database had been in managing the program, and how useful it had been, given the potentially long client follow-up period, in tracking client earnings and EN payment claim submissions.

ABIL tried to reduce the burden of the long-term earnings tracking with the automated Access database, as well as by providing clients a \$25 dollar stipend in return for submitting their pay stubs each month. The interviewee said these factors greatly facilitated the tracking of client earnings and that ABIL had not encountered too much difficulty tracking clients' employment. During a follow-up contact with the interviewee approximately one month after initial interview, however, she noted that ABIL recently had experienced problems getting several clients to submit copies of their pay stubs. The interviewee said that the \$25 stipend helped in most cases, but the earnings tracking was still a major administrative burden.

**c. Status at Follow-up**

**Service Delivery.** ABIL has made minimal changes in its service delivery approach during the last year. The most significant change is in staffing the Employment Services Division. Previously, the two employment coordinators were responsible for keeping up with consumer needs, returning consumer telephone calls, and making employer contacts. These responsibilities have been modified so that now there is one internal and one external coordinator. The internal coordinator serves as a case manager. She keeps in touch with the participants who are waiting to be placed and provides ongoing support to those who have been placed. The external coordinator is responsible for meeting with employers and circulating resumes. She has strong networking and presentation skills. The internal and external coordinators meet daily to discuss the cases. The new system has been a great improvement because the internal coordinator is always in the office to communicate with consumers, thereby improving contact with consumers and creating the capacity to serve more beneficiaries.

ABIL makes extensive use of the Internet to locate jobs and assist job seekers in submitting resumes. ABIL staff members are certified as Senior Professionals in Human Resources, which enables smooth communication with Human Resource professionals. Staff attendance at American Society of Personnel Administrators (ASPA) provides valuable networking with employers.

Since the first interview, ABIL has taken several steps to help the participants navigate the SSA bureaucracy. ABIL has established a strong working relationship with the local SSA FO and has changed its work CDR protocol. Staff members now start a work CDR for each participant when the IWP is completed. They help participants complete form 821 and follow the appropriate steps to help their participants get CDR credit.

To publicize TTW, ABIL has contracted with a PR firm that provides PR services for ABIL in general and for the Employment Services Division in particular. The PR firm assisted with the development of an informational video when Tickets were initially rolled out, which is still shown from time to time. ABIL has tried to recruit people with cold calls, but beneficiaries often do not remember receiving their Ticket and perceive the caller to be a telemarketer. Therefore, ABIL has largely given up on this approach for now. The SSA FO has not been very involved in increasing awareness about the Ticket program, and the interviewee stated that involvement of the FO is essential for TTW success.

One final change is the implementation of Arizona's Medicaid Buy-In Program. This program has largely removed a disincentive to work based on individuals' fear of inadequate health insurance coverage.

**Ticket Assignments and Outcomes.** Since initiation of TTW service, 1377 people have called for information and 220 IWPs have been written. As of August 2003, ABIL had 117 Ticket assignments, and had received payments on behalf of 26 individuals. The interviewee reported that ABIL has made 119 placements, but the ratio of placements to payments is low because several individuals have been placed more than once; e.g., one woman was placed seven times before she found a job that suited her. Several clients are

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working but are still receiving SSI or DI benefits. The low ratio of payments to placement is a major source of program deficit, but ABIL is still accepting Tickets. The interviewee believes ABIL has some extra capacity with its current staff and needs the revenue that additional participants would generate.

According to the interviewee, two types of Ticket holders are hard to place. First, some clients have expectations of employers that are too high; e.g., they expect accommodations that are unreasonable, or expect to be hired for jobs for which they are unqualified. Second, some clients have extensive qualifications and experience, but have been out of the labor market for significant periods of time. Their high benefit levels and experience make entry-level jobs unappealing, and their time out of the labor force makes higher-level jobs hard to obtain. ABIL is willing to work with both groups, but it is harder to find suitable employment for these populations.

**Program Administration.** The most significant issue in program administration is holding down costs. The interviewee stated that the program is “horrendously expensive.” ABIL’s business plan over-estimated demand and under-estimated the administrative difficulties and related costs, and predicted more Ticket assignments and more placements. ABIL Employment Services has invested \$500,000 in the last two years and has filed claims for about \$50,000 in payments. The interviewee estimates that ABIL needs \$227,000 in payments (on behalf of about 100 Ticket holders) to continue operating. ABIL has had to supplement TTW revenues with about \$200,000 in general operating funds. The interviewee stated that ABIL will likely be willing to support the program for another 12 months, but participation in TTW after that time is doubtful if the program does not produce more revenue.

A significant problem has been obtaining the pay stubs from clients, which is necessary to receive outcome payments from SSA. Although the \$25 stipend for submission of pay stubs has helped, this has been a “nightmare” for the organization and large financial losses have resulted. Many of ABIL’s clients have psychiatric disabilities; these individuals find keeping track of pay stubs and other paperwork extremely stressful. Rather than hassling them about submitting pay stubs and potentially creating an issue at the beneficiary’s job, ABIL has decided not to pursue payment for individuals who do not submit pay stubs. Earnings documentation that ABIL does receive from clients is often missing information, such as the pay period start or end date. These problems have resulted in significant financial losses for the organization. The interviewee proposes a simple short-term fix: if a participant turns in his first pay stub and is earning above SGA, then SSA should begin payments to the EN. She believes that an ideal long-term solution would be for the IRS to submit the earnings records of Ticket holders to SSA on a monthly or even quarterly basis.

**Program Concerns and Expectations for Future Success.** In terms of service delivery to clients, the Ticket has been a positive experience for ABIL. The interviewee stated that ABIL’s current level of success with its TTW services could be attributed to the following:

- Other ENs in the area are not accepting Tickets so more Ticket holders are bringing Tickets to ABIL;

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- Base funding at start-up;
- The staff is made up of people with disabilities, who can easily relate to clients;
- ABIL Employment Services operates like a staffing agency rather than a rehabilitation program;
- The EN is located within a Center for Independent Living, which provides peer counseling and other services;
- Strong support from BPAO, the state VR agency, and local SSA FOs; and
- A solid relationship with local SSA FOs that enables participants to obtain timely work CDRs.

ABIL Employment Services would like to expand the program to provide job training and assistive technology. Program expansion is on hold, however, until TTW becomes profitable.

The interviewee stated that the TTW provisions are extremely helpful in assisting beneficiaries to find employment. She expressed two primary concerns that have negatively affected ABIL and, if unresolved, may cause the EN to withdraw from TTW. First, she expressed concern about SSA's lack of marketing for TTW. She stated that a national marketing campaign, including radio and television advertisements, is necessary to adequately market the program. Second, she stated that ABIL's continued involvement with TTW is dependent on a change in the pay stub submission requirements. SSA should require submission only of the first pay stub. Relaxing this requirement would permit ABIL to collect some back pay for clients who did not submit all pay stubs and enable them to continue running the program. If the pay stub requirement is not changed, the interviewee projects that ABIL will withdraw from TTW.

### **3. Career Consulting Services of America (CCSA)**

#### **a. Implementation and Service Delivery Approach**

Career Consulting Services of America (CCSA) provides job development and placement services to individuals with disabilities throughout Wisconsin and Illinois. It is staffed by a husband and wife team and is funded with contracts through the Wisconsin VR agency, the Veterans Administration, and other state agencies. In addition to employer contacts, services include resume assistance, interview coaching, and acting as an employee advocate and liaison with employers.

CCSA will ensure that Ticket holders do not at any time constitute the majority of CCSA clients. CCSA participated in SSA's Alternate Participant (AP) program, and the organization experienced substantial difficulty collecting payments from SSA for services provided under that program. The interviewee indicated that CCSA left the AP program after failing to receive \$20,000 in reimbursements from SSA for services provided to one

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client over a four-year period. The interviewee anticipated encountering similar difficulties collecting payment under TTW and, consequently, wished to limit CCSA's exposure.

CCSA selected the milestone-outcome payment system because it would become eligible for milestone payments earlier than outcome payments. CCSA was also concerned about the requirement that clients must remain employed and CCSA must document employment for five years to collect the full outcome payment.

#### **b. Early Experiences Implementing TTW**

**Beneficiary Outreach and Enrollment.** CCSA did not conduct marketing or outreach to initiate the program, but relied on calls from beneficiaries seeking to assign their Tickets. Initially, CCSA operated an 800 number, but shut it down because costs were prohibitive. At the time of the first interview, CCSA received an average of about four or five calls per day, which increased to about 20 calls per day on or near Ticket distribution dates. CCSA received calls from beneficiaries referred by the Program Manager, as well as from former clients of other local ENs who were dissatisfied with the job placement services provided by those ENs.

Initially, CCSA screened only for interest in working full time, but found that individuals interested in working full time were not necessarily good candidates for immediate return to work. The interviewee said that CCSA began to screen out individuals with vision and hearing impairments, severe mental illness (those with active psychotic symptoms), and individuals over the age of 60 because of difficulty in finding employment for such individuals. The interviewee also indicated that CCSA tended not to accept Tickets from married individuals with working spouses because of a belief that such individuals are likely to be less motivated to work than individuals with less generous or stable sources of support. The interviewee said that CCSA also began to ask all callers about their trial work period (TWP) and extended period of eligibility (EPE) status, and referred clients to Goodwill Industries for BPAO services, if clients had additional questions about benefits. When CCSA staff identified service needs that CCSA could not provide (e.g., assistive devices or other equipment, vocational training), CCSA referred the caller to the state VR agency.

Each applicant for services receives a letter describing the responsibilities of the EN and of the individual, and includes the IWP and a release to obtain additional information about the beneficiary. If the individual does not return those forms, another letter is sent. Only after the completed forms are returned does CCSA begin providing services.

**Ticket Assignments and Outcomes.** At the time of initial interview in August 2002, of the 40 Tickets assigned to CCSA, five Ticket holders were employed and had held their jobs for at least 30 days.

**Program Administration.** The CCSA interviewee reported that he was generally pleased with the performance of the PM. He noted that the PM had addressed a problem he had encountered with the originally-assigned staff member by assigning another staff

member. He was also pleased with the CD-ROM provided to him by the PM, which contained numerous high-quality ideas and suggestions for participating in and administering TTW.

The CCSA interviewee said he understood other ENs to be concerned that the TTW employment and earnings verification requirements are burdensome. At the time of the first interview, however, he had experienced few problems. In preparation for collecting the earnings information and as a condition of service receipt, he had all clients sign a release for any wage information. He also contacted employers directly, providing a copy of the release, and requesting that the employer send the wage documentation directly to him. The release included language to the effect that the federal government requires CCSA to substantiate wages, and clients are required to provide copies of their pay stubs. In the written communication to both client and employer, CCSA included a warning that failing to disclose wage information is a violation of federal law.

The interviewee also indicated that, when submitting resumes to employers on behalf of clients, CCSA included a similar notice to employers, warning that employment discrimination against individuals with disabilities is a violation of federal law. The interviewee believed that including warnings in various materials improves both placement rates and compliance.

### **c. Status at Follow-up**

**Service Delivery.** At follow-up interview in September 2003, the CCSA interviewee indicated that his organization has made no changes in operation since the initial interview.

**Ticket Assignments and Outcomes.** The interviewee stated that significant numbers of beneficiaries who have assigned their Tickets to CCSA are not actively participating in services or looking for work. He does not undertake the added paperwork required for Ticket unassignment, however. If the beneficiary requests unassignment, the Ticket holder is required to submit a written request to the Program Manager him or herself.

CCSA has a contract with the state VR agency, but the interviewee did not believe the contract to be beneficial to CCSA. The EN is sharing a number of Tickets with the state VR agency, but specific payment arrangements have not been worked out. One problem is that individual counselors and office directors do not understand the details of TTW. Second, many of the counselors presume it is their responsibility to “grab the Ticket” before an EN can accept it; this is alienating CCSA. Having the state VR agency accept the Ticket offers beneficiaries only one advantage—the state VR agency may offer a costly service that the EN cannot provide.

CCSA staff estimated that they currently have 60 or 70 Ticket assignments and the organization is eagerly accepting more.

CCSA has had excellent outcomes with assigned Tickets, even though other service providers advised the director not to become involved with TTW. CCSA has an easier time

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placing SSA beneficiaries than placing VR clients because the former are more motivated to work. CCSA has placed its TTW clients in a variety of jobs, ranging from professionals and top-level executives to janitors and truck drivers.

The poor economy has significantly hampered job placement for TTW beneficiaries; the CCSA director noted that the industrial sector has declined consistently for the past 36 months. People with disabilities still encounter discrimination. The interviewee stated that individuals with disabilities need twice as many contacts and ten times the number of interviews to get a job. He sees his marketing role as very important, describing how he needs to sell individuals to an employer and sell the employer to the individuals. He does not make specific references to a disability, SSA or the state VR agency in conversations with employers. He presents himself as someone in the legal or personnel profession.

CCSA has received few payments thus far, but the interviewee believed that greater than 50% of its receivables will come from TTW in the near future. TTW has the potential to be a major source of revenue for CCSA, with revenues ultimately outweighing costs. He believed TTW could be a more viable source of income than its current contracts if the administrative issues described below are addressed.

**Program Administration.** The interviewee sends beneficiaries an Employment Status Verification form to ascertain whether they are working. He informs beneficiaries that it is a federal violation not to report their work activity. The interviewee said that he often has to go beyond simply requesting information; he needs to intimidate clients a bit to get them to send pay stubs. Before providing service, he asks beneficiaries to sign a form that gives him permission to obtain pay stubs from employers, although he would prefer not to do so.

The interviewee said that CCSA has had a “terrible problem getting paid,” and added that, “SSA has a terrible system in place.” CCSA has claims that are four months old that have not yet been paid. He said, “Any other business would seek help from a collection agency!” The problem has not improved in recent months. The Program Manager processes and passes along CCSA’s invoices exactly as they are supposed to be processed, and SSA then sits on them, to the point where CCSA must conduct an investigation to find out what is happening with its payments. This problem occurs with initial milestone and outcome payments, as well as with subsequent payments. Another problem is that, occasionally, SSA will deny a claim, but fail to inform the Program Manager why the claim was denied. According to the interviewee, SSA does not provide adequate cooperation and support for ENs, which he considers a very poor practice. Communication with the Program Manager, however, continues to be excellent.

**Concerns and Expectations Regarding Future Success.** The CCSA director had two main concerns with TTW: (1) Improving the payment/reimbursement process; and (2) Improving the channels of communication. With regard to the payment process, he stated that SSA must handle payments more promptly if ENs are to remain in the program. He stated that communication between the ENs and SSA is nonexistent. He said he recognized the Program Manager’s role as an intermediary, but said it limited communication between the EN and SSA. He pointed out that SSA had direct communication with providers under the AP Program. He sees SSA as his employer, not the PM; yet he has no interface

whatsoever with SSA. Another distinction between being an AP and being an EN is that, as an AP, the organization had direct access to SSA files. Under the Ticket program, SSA will not provide ENs with basic information, such as the nature of an individual's disability. ENs must obtain information directly from the client or the local SSA field office. The interviewee indicated that CCSA receives no cooperation or support from the local field office, however. The interviewee notes that CCSA requests to use field office space for meetings with clients have been denied.

The interviewee stated that he recently received information regarding the new Certification Payment Request Process from the Program Manager. He is hopeful that the new process will assist ENs in solving the pay stub issue.

#### **4. Employment and Employer Services**

##### **a. Implementation and Service Delivery Approach**

Although EES had not targeted SSI and DI beneficiaries previously, the organization decided it wanted to serve this population when TTW was initiated. EES hired two staff members who had experience working with people with disabilities to work exclusively with TTW clients. Early on, a local P&A representative was invited to provide advice and to assist them in understanding the issues they would encounter in serving beneficiaries. The P&A conducted on-site seminars and provided on-going guidance.

TTW services are provided within a separate and distinct unit with its own funding stream. EES would not have been able to participate as an EN had it maintained its previous, non-profit corporate status. For-profit status has allowed EES to become sufficiently capitalized to cover the start-up costs of a program like TTW, where revenues may not be immediately forthcoming. EES hired two counselors: one with a background in mental health issues, the other an occupational therapist. This combination, in addition to having one female and one male counselor, provided valuable expertise and gave participants a choice in counselors.

As noted previously, EES provides primarily job preparation and placement services. The EN offers weekly job club meetings, where clients practice interview skills and discuss employment issues. Staff members provide services such as interview preparation and skills, resume assistance, job search, computer training for data entry and clerical positions, and job placement.

##### **b. Early Experience Implementing TTW**

**Beneficiary Outreach and Enrollment.** EES began taking Tickets in April 2002. The program did not undertake any marketing activities. All calls received were a result of the information provided to beneficiaries by the Program Manager via mail or web site. EES had experienced, from its perspective, a tremendous demand for its services. Early on, the program received 25 to 30 TTW-related calls per day. Although the no-show rate was rather high compared to the program's experience with other populations (60-65 percent of those

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that came in for an initial appointment did not follow through) about 50-60 percent of those who do had assigned their Tickets.

At initial interview in August 2002, EES was operating at full capacity. The two TTW counselors were serving a total of about 130 clients. The program was not accepting any more new clients until it could reduce the wait for an initial appointment to below the current wait of six weeks. One reason for the tremendous demand EES had experienced might have been that, according to what staff had heard from clients, other Chicago-area ENs were not accepting Tickets.<sup>1</sup>

In deciding whether to serve a potential TTW client, counselors assessed his or her ability to work full-time. If a potential client was looking for part-time work, the program was generally not able to serve the individual. EES's goal was to place clients in full-time jobs with a wage of no less than \$7 - \$8 per hour. If an applicant appeared unwilling or unable to meet this goal, the program did not accept the Ticket. DI versus SSI status did not appear to be indicative of Ticket acceptance or job placement success.

Staff also took into account the likely needs of the clients and whether or not EES had the ability to serve them. EES was not equipped to provide vocational or job readiness training, or long-term rehabilitation. If EES believed it was unable to serve a particular individual, staff attempted to refer the individual to a more appropriate service provider, such as the State VR Agency.

**Outcomes and Claims for Payment.** EES provided similar services to TTW clients that it provided to its other, non-TTW clients (interview preparation and skills, resume assistance, job search, training for computer skills for data entry and clerical positions, and job placement). The program was accustomed to operating under a pay-for-performance system, but staff noted that EES' non-TTW clients did not generally take as long to place as TTW clients. TTW clients, as a group, seemed to take more time envisioning themselves in a job. This meant that a large counseling element was necessary to deal with the fear, attitudes, and insecurities related to the ability to find and maintain employment. Many challenges faced by TTW clients were similar to those faced by EES' other client populations, but EES staff members tried to tailor the classes and supports to the specific issues of TTW clients (e.g., when/if it would be necessary or appropriate to disclose a disability to an employer, or explaining gaps in the employment history).

EES staff worked with TTW clients to track earnings and benefits so as to avoid overpayments when a client's trial work period ceased. The EN had difficulty, however, obtaining information about trial work periods from FOs. Counselors also conducted an

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<sup>1</sup> We subsequently learned that the Program Manager had been distributing information to beneficiaries about ENs that were not yet accepting Tickets. Some ENs did not expect the contracting process to be as quick as it was, and were not prepared to accept Tickets when awarded a contract. The Program Manager is now making efforts to identify active and inactive ENs and to only distribute information about active ENs to beneficiaries.

initial training with beneficiaries about benefits, but did not claim to be experts. Counselors referred beneficiaries to the local BPAO when beneficiaries started to work.

During the initial interview, EES staff indicated that it was too soon to determine which types of clients would be successful. EES continued to hold Tickets that were inactive (i.e., the client was not actively engaged in services). The EN had not yet established a process for unassigning Tickets.

**Program Administration.** At the first interview, staff indicated that EES had not yet encountered difficulty obtaining pay stubs from clients, but was considering ways to work with employers to make the process easier. Interviewees were not hopeful, however, about their ability to develop links with employer human resource departments. EES staff viewed the earnings documentation as very burdensome for both the EN and beneficiaries, a burden that significantly reduced the EN's ability to provide services. Interviewees indicated that when sufficient payments were received as the program matured, EES would seek to add an additional staff person devoted to completing the necessary administrative activities associated with TTW.

### c. Status at Follow-up

**Service Delivery.** EES is no longer accepting Tickets and plans to fully withdraw from the program. It is still submitting claims for payment for a few beneficiaries, but no longer considers itself a TTW participant. Before deciding to withdraw from TTW, EES tried several strategies to reduce costs. For example, EES originally started its TTW service delivery with two staff; then it dropped down to one counselor, who provided services on a group, rather than individual, basis. This was efficient and provided beneficiaries with the opportunity to give each other feedback and support. Even with this added efficiency, however, EES was subsidizing TTW services at an unacceptable level.

**Ticket Assignments and Outcomes.** EES did not need to market its program; few ENs in the Chicago area were taking Tickets and EES continued to receive more referrals than it could handle. Initially, EES had accepted most Tickets; but it later became more discriminating, accepting Tickets only for those individuals who could most benefit from its services and referring other beneficiaries to more appropriate agencies. The interviewee believes that many of these individuals went unserved, however, because few ENs were accepting Tickets. Some were referred to the state VR agency, which subsequently accepted their Tickets.

EES records show that, as of May 2003 when it dropped out of TTW, the EN had 203 Tickets assigned. EES had completed 208 IWPs with beneficiaries, made 102 referrals to other ENs including the State VR Agency, coached 132 resumes, and provided 793 training sessions. EES had unassigned 93 Tickets and made 58 job placements.

EES has received payments for only 13 individuals thus far. Some beneficiaries required more than one placement before sustaining employment; this is not unusual for the EES' service population. Many beneficiaries who were placed in jobs did not earn enough to lose

all benefits; therefore, EES did not receive the payment. The requirement that beneficiaries receive zero benefits is considered by staff to be a major flaw in the program. The nine-month TWP and the level of SGA enable beneficiaries to retain benefits long after they find employment. Although EES attempts to find full-time jobs for its clients, many are unable to sustain full-time work, particularly those who have psychiatric disabilities or those who have been out of the work force for a number of years. The interviewee stated that encouraging beneficiaries to accept full-time work before they are ready will ultimately result in failure. Another problem was the economy—some beneficiaries who had full-time jobs were reduced to part-time and again became eligible for benefits, resulting in no payment for EES.

The Director estimated that EES spent \$80,000 administering TTW and brought in less than \$10,000 in revenue. Terminating participation in TTW was a difficult decision for EES to make, but the EN could not cover staff costs.

**Program Administration.** The most significant concern with program administration was the collection of pay stubs. The interviewee noted that other government programs, such as WIA, allow alternative forms of documentation. Difficulties also arose when a pay period crossed calendar months, but EES and Program Manager staff worked through these difficulties. The interviewee stated that she had not tracked the length of time between submission of bills and receipt of payment, but noted that even if payments had been received promptly, the payments were too low to enable the program to continue.

**Concerns and Expectations Regarding Future Success.** The EES interviewee stated that high program costs and low revenue made it impossible for EES to remain a TTW provider, noting that payments were too low to make the program viable. Another problem was the requirement that beneficiaries receive zero cash benefits before the EN is eligible for payment. EES clients were not able to sustain SGA consistently enough for EES to receive regular payments. A final problem was the requirement that beneficiaries submit pay stubs—a procedure that EES staff considered burdensome for both beneficiaries and the EN.

The interviewee stated that TTW should be amended to allow for an initial payment upon completion of an IWP, to enable the EN to cover staff costs; followed by an additional payment for job placement; and then the original performance-based payment schedule. When asked about the milestone payments, the interviewee stated that the milestone payments were too small to cover up-front staff costs.

In conclusion, EES staff said it would reactivate its participation in TTW if the payment structure were modified to enable the organization to cover staffing costs. The interviewee stated that TTW fits in well with EES' mission and staff enjoyed working with beneficiaries. The organization had developed a good model, with successful placements and significant employer support. Unfortunately, the program was not viable from a financial perspective.

## 5. Glick and Glick

### a. Implementation and Service Delivery Approach

**Implementation.** In deciding to become an EN, Glick and Glick developed a business plan and established a specific time frame in which it would allow the program to operate to assess its viability. The TTW business unit would need to generate sufficient revenues to become self-supporting during its first year of operations. Glick and Glick selected the outcome-milestone payment system because it wanted to gauge the employment experiences of TTW clients before accepting what staff believed to be a greater risk associated with the outcome-only payment system.

In preparation for TTW, Glick and Glick hired four new staff members to work exclusively on TTW. The firm's management thought it would be easier to hire new staff to work on TTW than to train existing staff. TTW represents a slight departure from Glick and Glick's traditional business practice; under TTW, job candidates come to them, whereas under their traditional operations, Glick and Glick staff conduct targeted outreach to recruit job candidates. The four TTW case managers were each assigned to clients from a specific state.

**Service Delivery.** Once Glick and Glick receives confirmation of Ticket assignment from the Program Manager, case managers begin working with the Ticket holder to find a job. The case manager assists the Ticket holder with interview skills and resume building. All interactions are conducted by phone or mail. Once the Ticket holder appears prepared to enter the workforce, Glick and Glick matches him or her with positions that its employer clients want to fill. Glick and Glick maintains a database of available positions categorized by the location, skill requirements, job description, wages, benefits, and hours required.

Case managers schedule interviews for Ticket clients, provide job leads, and inform Ticket clients of upcoming job fairs. Clients are generally given four or five job leads at a time. If, on multiple occasions, a client fails to attend any of the scheduled interviews or job fairs, the case manager will unassign the Ticket. Glick and Glick will only unassign a Ticket when it seems clear that a client is not making progress towards the IWP employment goals, or in rare cases where a client has been verbally abusive to a case manager.

While case managers frequently send mailings to clients (e.g., notices of upcoming interviews and job fairs, interview guidelines), most of the substantive casework is conducted over the telephone. Services provided by phone include: help developing resumes, practicing interview skills; and debriefing clients after job interviews. Interviewees noted that most Ticket clients do not have an up-to-date resume, and in many cases, have no resume at all. Case managers collect the information necessary to develop a resume over the phone, then construct a well-formatted resume for the client.

TTW has not resulted in a change in the firm's core activities. As a placement agency hired by employers, Glick and Glick already had substantial experience working with unemployed, disadvantaged populations through what interviewees referred to as the

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outreach program. As noted previously, this part of the firm's business attempts to recruit job candidates from clients of public and non-profit service agencies nationwide. Through this program, the firm provides value to its employer clients by screening for appropriate job candidates from among populations that will offer the employer tax credits for hiring such individuals. In addition, the outreach program has demonstrated highly successful employment retention rates. The primary change under TTW is that job candidates now come to Glick and Glick unsolicited.

Another change under TTW is that case managers are now required to have a more complete understanding of benefits and work incentive issues. Ticket holders frequently require information about the impact of employment on their benefits. Initially, case managers would refer clients to SSA or to their local Benefits Planning, Assistance, and Outreach (BPAO) representative. After a bad experience with one BPAO, however, Glick and Glick decided that all case managers would develop the knowledge necessary to counsel beneficiaries on basic benefit issues, and that clients would be referred to SSA, and not a BPAO, to address complicated issues.<sup>2</sup> Interviewees noted that it took considerable time and effort to obtain the information they needed to understand all of the benefit and work incentive issues. They had requested information from the Program Manager, but interviewees indicate that they received the information piecemeal, and that it took some time before they believed they had complete information.

Glick and Glick has not combined its Ticket program with its traditional outreach program. Many of the agencies the firm uses to recruit job candidates through its outreach program are state VR agencies and ENs. The only change in the outreach program since TTW is that, when staff members receive a new job opening, they first check to see if any of their Ticket clients qualify for the position before attempting to recruit more broadly through the outreach program.

Glick and Glick has not signed any agreements with any state VR agency with respect to serving TTW clients. EN representatives have considered the possibility of working with VR agencies, but because Glick and Glick is a national EN, decided it would be a large undertaking. Glick and Glick also wants to maintain a visible distinction between its outreach program and TTW placement efforts. This is to avoid giving state VR agencies, and other agencies it works with that might be ENs, the impression that it is attempting to steal their TTW clients when doing job candidate recruitment under the outreach program. Such perceptions could undermine the success of the outreach program.

## **b. Early Experiences**

**Beneficiary Outreach and Enrollment.** At initial interview, Glick and Glick had not actively marketed its services to Ticket holders. Call volume generated from Program

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<sup>2</sup> According to interviewees, one of Glick and Glick's Ticket clients was referred to the local BPAO because of complicated benefits issues. While counseling the client, the BPAO, who was also a state VR agency, convinced the client to unassign the Ticket from Glick and Glick and to reassign it to the VR agency.

Manager referrals had been sufficient to keep staff busy. Glick and Glick had also been receiving calls from Ticket holders indicating they had contacted other ENs and were referred to Glick and Glick by the ENs contacted. Glick and Glick staff did not interact with other ENs. Staff presumed that other ENs were referring callers to them because they knew that Glick and Glick was accepting Tickets.

Glick and Glick was initially overwhelmed by TTW calls, receiving more than 100 per day. Because staff had not yet gained experience with TTW, it took as long as 30 minutes to conduct an initial screening interview. During the months following the initial TTW rollout, Glick and Glick staff became more proficient at asking key questions, the responses to which they believed indicated whether a caller was a good candidate for their services. By the time of initial interview, staff spent only a few minutes on the phone conducting the initial screening. Call volume dropped since the initial roll out; at the time of the initial interview (November 2002), staff were taking between 10 and 15 calls per day.

When Ticket holders called, if possible they were directed to the case manager responsible for the state where the caller resided. Often, the case managers had to explain TTW to the callers. Many beneficiaries did not understand that the program was voluntary. Case managers also had to frequently correct a common misconception—that a Ticket holder would automatically get a job because they had a Ticket. Many callers also expressed concern about how participation in TTW would affect their benefits. When explaining the effect of the Ticket on Social Security, Medicare, and Medicaid benefits, case managers stressed the fact that the program was designed to help beneficiaries become self-sufficient. Interviewees noted that the calls were sometimes time consuming, but staff wanted to make sure that beneficiaries understood the program before assigning their Tickets to Glick and Glick.

After case managers answered the initial questions, they tried to determine why callers wanted to participate in TTW. Glick and Glick staff asked questions intended to gauge the individual's level of motivation. If an individual appeared to be motivated and likely to benefit from Glick and Glick's services, the case manager explained the enrollment process and mailed the firm's policies and the Individual Work Plan (IWP) to the Ticket holder so that he or she could sign and return it to Glick and Glick. Candidates determined not to be a good match were told to contact another EN or their state VR agency. Interviewees noted that, as of November 2002, about 30 to 40 percent of the initial phone interviews had actually resulted in a Ticket assignment. They had generated about 300 Ticket assignments from approximately 800 phone screens.

A major administrative issue reported by interviewees related to the amount of information the PROGRAM MANAGER provided to Ticket holders before referring them to ENs. Glick and Glick staff members believed that they would be able to reduce the amount of time they spent explaining TTW to clients if the Program Manager and/or SSA devoted more efforts to better informing beneficiaries about the program early in the process.

**Outcomes and Claims for Payment.** Glick and Glick had always received payments based on its ability to place individuals in employment, and on the length of time individuals

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remained employed.<sup>3</sup> Because of this, staff were not overly concerned about the nature of TTW's payment structure. The company has always assumed the risk that some placements will not be successful.

At the time of the initial interview, Glick and Glick had placed 31 Ticket clients in employment and had begun to collect TTW payments. Interviewees noted that as many as ten of their TTW clients had an interview or submitted a job application on any given day. Staff indicated that it was still too early at first interview to determine whether a substantial share of their TTW clients would experience success, however, they were optimistic. If the trend were to continue, Glick and Glick expected to begin showing a profit in January 2003 – five months ahead of their original projections. At the initial interview, staff also indicated that Glick and Glick had unassigned roughly 70 Tickets. Staff members believed that, unless a client was motivated and actively pursuing employment, it was a waste of their time and the client's time for the Ticket to remain active.

At initial interview, staff did not anticipate significant problems tracking the employment and earnings of TTW clients. The company's experience with outcome-based contracts had given its staff significant experience tracking employment for periods as long as two years. Glick and Glick used the same tracking mechanisms it already had in place under the outreach program, which involved aggressive pursuit of information, generally by telephone, through both the employee and employers. Glick and Glick added a stipulation to its contract with Ticket holders that required TTW clients to provide the necessary wage documentation. Clients might also be asked to sign a release that allowed Glick and Glick to obtain earnings information directly from employers. At initial interview, staff reported experiencing few problems tracking earnings for employed TTW clients. On two occasions, TTW clients had quit their jobs when asked for their pay stubs, because they feared losing their benefits. Glick and Glick addressed this potential problem by revising its screening process to emphasize that the goal of TTW was self-sufficiency, and by screening out potential clients who feared losing cash benefits after going to work.

**Program Administration.** At initial interview, Glick and Glick interviewees noted few problems administering TTW, but said a major administrative issue was the length of time it took to receive TTW payments. Glick and Glick staff were originally told that it would take 60-90 days to receive payment. The firm's experience had been that it took 90-120 days. The Program Manager had not been able to provide Glick and Glick a clear explanation of why it took so long to receive payment, even when all appropriate information had been submitted.

At initial interview, Glick and Glick interviewees thought they would have benefited greatly if, prior to becoming an EN, they had spoken with other organizations that had already implemented, or were in the process of implementing, TTW. Interviewees believed that it would be beneficial for ENs to exchange ideas and teach each other how to address

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<sup>3</sup> Glick and Glick's compensation can be tied to the ability of its employer client to qualify for tax credits on the individuals recruited by Glick and Glick. An individual must work 120 hours for the Work Opportunity Tax Credit, and 400 hours for a higher level credit. The Welfare-to-Work tax credit is based on 400 hours of work.

problematic issues that arose in implementing the program. Glick and Glick staff noted that they were open to working with other ENs and potential ENs to exchange best-practices and their own experiences with TTW.

**c. Status at Follow-up**

**Service Delivery.** At follow-up interview in August 2003, Glick and Glick had substantially reduced its involvement in TTW. The EN is now only serving beneficiaries who reside in the state of Florida and has reduced the number of TTW case workers from four to one. Other than the change from operating as a national EN to serving only the state of Florida, the core activities and services Glick and Glick provides to Ticket holders have not changed.

The decision to scale back TTW operations was based on poor financial performance. The firm was expending a lot of resources on TTW and not recouping much of its costs. Because the company was “shoveling money out the door” the Vice President made the decision to restrict operations only to the state of Florida, and to unassign all other Tickets. All Tickets of beneficiaries not residing in Florida were unassigned by the EN in late May 2003. These unassignments included a number of beneficiaries that Glick and Glick had placed in employment.

The state of Florida was retained as a TTW service area because Glick and Glick had a large number of Tickets from the state, and was experiencing some success with those clients. The firm also wanted to stay minimally active in TTW with the hope that the program might undergo changes that would make it profitable to participate again as a national EN in the future.

**Ticket Assignments and Outcomes.** At follow-up interview, Glick and Glick had only 23 Ticket assignments, down from more than 200 assignments at initial interview. Even prior to the large number of unassignments that occurred as a result of restricting operations to the state of Florida, the firm had begun to implement more stringent criteria for accepting Tickets. Early on, staff used screening questions to attempt to ascertain the level of motivation of potential clients. Now, staff members instruct callers to contact and obtain information about other ENs before deciding to assign the Ticket to Glick and Glick. Glick and Glick will not complete an IWP and accept assignment of a Ticket during an initial phone contact. If a caller is interested enough in the services provided by Glick and Glick to re-contact the EN to assign the Ticket, and/or return the calls of the Glick and Glick case worker who contacts him or her, then the EN will proceed with the assignment process. Interviewees noted that often, substantial time and effort was often invested in finding job leads for clients whose eagerness and interest in the program waned considerably after the initial contact, or who subsequently revealed the need for services that Glick and Glick did not provide.

At follow-up interview, Glick and Glick had received EN payments totaling approximately \$13,000 based on the work activity of 18 beneficiaries. As noted previously, the firm was losing money on its TTW operations. Interviewees were unable to provide an

estimate of the financial loss, indicating that they did not have access to that information, but did provide examples of the factors that contributed to the losses. EES staff indicated that they have had more difficulty than anticipated placing clients in employment. The reasons for this include: a reduced number of jobs available in the current economy; some beneficiaries not actively participating in the effort (e.g., not returning phone calls or unwilling to cooperate); and some beneficiaries being very specific or particular about the types of jobs they are willing to accept.

Interviewees also indicated that it has been extremely difficult to obtain earnings information from those who were placed in employment. Contrary to early expectations that tracking earnings would not be a problem, Glick and Glick has found it very labor-intensive and difficult to obtain the necessary information. Interviewees note that neither beneficiaries nor employers have any incentive under TTW to provide the EN with the earnings information. Other Glick and Glick business dealings that require earnings tracking typically involve a contract with a large employer's corporate office that is willing to provide the information because it is part of the terms of the agreement it has with Glick and Glick, and because the employer benefits from the services that Glick and Glick provides (filled vacancies and tax credits). No such relationship exists between the EN and many of the employers of Glick and Glick's TTW clients.

**Program Administration.** Interviewees noted several ongoing issues encountered in administering TTW that center around the EN payment process. First, the primary struggle throughout implementation of TTW has been obtaining the pay information from beneficiaries. Although some of their TTW clients are very good about submitting pay information, many are not, and attempts to obtain the information directly from employers has met with very limited success. Second, Glick and Glick interviewees indicate that often it has taken a very long time for payment claims to be processed, stating that they are told by the Program Manager that these claims are "pending field action." Interviewees note that more recently, however, the payment turnaround time seems to be improving. Third, interviewees have been frustrated by the fact that beneficiaries do not know which benefits they are receiving (SSI, DI, or both). The EN's inability to know what program(s) the client is participating in makes the EN payment process more difficult because: different pay documentation is needed; different earnings thresholds must be met to qualify for payment; and different payments are received depending on the program status of the Ticket client. Not knowing program status, and not being allowed to obtain that information from the PROGRAM MANAGER, makes it difficult for the EN to develop expectations regarding the likelihood that a claim for payment will be accepted.

**Concerns and Expectations Regarding Future Success.** Despite the challenges and financial losses experienced to date with TTW, Glick and Glick plans to continue its participation on a small-scale. The company will keep its "foot in the door" for a while and see if SSA makes any changes that might improve the profitability of TTW efforts. They do not believe that TTW will be successful unless something is done about the requirement to submit earnings information. Interviewees also expressed frustration with the requirement that benefits be zero before the EN receives payment. Glick and Glick staff have worked hard to help a beneficiary become employed, but do not receive payment because the client

is still receiving benefits. As SGA continues to rise, interviewees note that it will become increasingly difficult to place beneficiaries in jobs yielding earnings sufficient to trigger EN payment. Many of Glick and Glick's TTW clients do not have much experience and can only qualify for entry-level positions that offer the minimum wage.

## **6. Integrated Disability Resources (IDR)**

### **a. Implementation and Service Delivery Approach**

Integrated Disability Resources (IDR) is a national EN that provides employment services to private long-term disability clients referred by insurance companies. IDR works with these individuals to ascertain what services they will need; then, using a nationwide network of credentialed vendors, IDR contracts for the necessary services, including vocational rehabilitation, peer support, and job placement.

When creating a business plan for TTW, IDR expected to have three distinct groups of clients: individuals with long-term disability claims with whom IDR was already working; individuals identified by the providers in IDR's network of vendors; and retail clients – Ticket holders who called the company after receiving their Tickets. The first category of beneficiaries seemed the most logical group to serve, and IDR anticipated a high success rate. IDR was expecting referrals from vendors within its network under the assumption that many of the smaller providers that IDR works with would be unable to afford the up-front costs of service provision under the TTW payment schedule. IDR did not anticipate that retail clients would represent a large client base without significant marketing, but ended up receiving a very high volume of calls despite minimal outreach efforts.

Initially IDR planned to use the outcome payment system with the expectation that the bulk of its Ticket assignments would come from beneficiaries who were already receiving services from IDR. This population posed little risk because IDR was already receiving payments from insurance companies for serving these individuals. However, as it became obvious that retail clients would comprise the majority of its customers, IDR administrators switched to the outcome-milestone payment system. With no outside funding sources for these clients, IDR was hesitant to assume any more risk than was absolutely necessary.

### **b. Early Experiences Implementing TTW**

**Beneficiary Outreach and Enrollment.** The screening process evolved as staff became more experienced with TTW. IDR has put an increased emphasis on ensuring that potential clients have a good education and sufficient English skills. During the initial phone call from a beneficiary, IDR staff conducts a short interview and screens for education, work history, goals, and reason for wanting to participate in TTW. If the beneficiary seems motivated and a good fit, staff asks for the individual's Ticket number to ensure that he or she is eligible prior to the development of the IWP. IDR rejects almost all SSI recipients. Representing roughly 30% of the calls, these beneficiaries require more assistance than IDR is able to provide. Staff also attempts to screen out any beneficiaries who appear to be interested only in obtaining part-time employment or who do not want to stop receiving

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Social Security benefits. IDR refers individuals who do not appear to be good candidates to other providers.

At the time of the first interview, roughly a quarter of IDR's Ticket assignments were from individuals who had been working with IDR prior to their participation in TTW. The remaining assignments were from retail clients. In addition to the current Ticket assignments, IDR had another 100-120 retail clients with whom it was working to create IWPs. Staff expected that roughly half of these individuals would actually assign their Tickets to IDR. The remaining individuals were expected to assign their Tickets to competing ENs, fail to follow through with the process, or be screened out by IDR. In general, the calls from retail clients yielded a very low percentage of Ticket assignments: IDR received one Ticket assignment for every 20-30 initial inquiries it fielded.

**Ticket Assignments and Outcomes.** To date, IDR has not been able to meet the objectives it established in its original business plan. IDR projected that 80% of its assigned Tickets would yield at least one payment, and that 50% would lead to payments over the entire 60-month period. However, at the first interview, staff expressed the view that these numbers might be overly optimistic, especially considering the potential difficulties in tracking clients over the full 60 months. IDR estimated that the Ticket program would enable it to spend \$1,000 per client, but if it is able to increase the success rate this number could double. IDR also expressed concern about the length of time it takes for SSA to process payments. Although IDR had placed seven Ticket holders in employment at the time of the first interview, it had yet to receive a single payment on any of these claims—some of which were submitted more than four months ago. In one case where IDR worked with a Ticket holder for a period of time and helped him get a job, SSA terminated his benefits. Since SSA had not yet compensated IDR, the service provider lost the majority of the money it had invested in training this individual.

**Program Administration.** A major problem that IDR staff noted at the first interview was the lack of reliable and current information about Ticket holders. On a number of occasions IDR had worked with a Ticket holder to complete an IWP, only to be told by the PM that the beneficiary was ineligible. Although IDR staff had improved its screening techniques, interviewees believed that if the individual was ineligible, he or she should not have received a Ticket in the first place. Staff also believed they spent too much time working on administrative issues for clients. IDR's business model assumed that staff would spend 25 hours working on each case. The hope was that 80 percent of this time would be devoted to directly serving the client, with the rest used for administrative tasks. However, staff was able to spend only 15 to 18 hours working with each client, because verifying the beneficiary's eligibility, confirming the IWP with the PM, and securing payment from SSA proved too time consuming.

### c. Status at Follow-up

**Service Delivery.** At the time of the second interview, IDR was receiving between 30-60 calls per day from retail clients. Over the past year, IDR has tightened its screening requirements. According to agency staff, extensive delays in receiving payments from SSA

have made the program so costly to operate that IDR can only afford to accept Tickets from beneficiaries who it believes can be successfully placed with very low upfront costs. IDR has stopped accepting Tickets from SSI recipients altogether, because they are too costly to serve and because payment for services is lower. Screening procedures now attempt to identify SSDI Ticket holders viewed as “job ready”. IDR no longer provides vocational training or other costly upfront services, but focuses on resume development, interview and job seeking skills, and intensive job placement services to assist Ticket clients.

IDR is currently in the process of shifting its outreach activities away from retail clients and towards its long term disability Ticket holders and the beneficiaries recommended by vendors in its national network. Since January 2002, approximately 50% of Ticket assignments have come from retail clients and the rest from clients on long-term disability. In the coming year, IDR estimates that the mix will shift to about 25% retail clients and 75% long-term disability clients.

**Ticket Assignments and Outcomes.** IDR estimated at the time of the second interview that it has 137 Ticket assignments, and has received about \$7,000 in payments for over a dozen beneficiaries. IDR is not actively unassigning large numbers of Tickets but has unassigned the Tickets of specific beneficiaries who did not follow through with activities specified in the IWP.

IDR staff has not experienced significant problems actually serving Ticket holders. Staff members indicated that the effect of the recent economic downturn on job development and placement efforts has been negligible. For the most part, IDR feels it has been very successful in its job placement and employment retention efforts. The agency indicated that the services required by beneficiaries who are long-term disability cases are virtually identical to those needed by beneficiaries considered retail cases. The differences between the two groups primarily relate to available funding. For long-term disability clients, IDR is able to receive funding from both an insurance company and SSA. In contrast, the agency must rely exclusively on payments from SSA when serving retail cases.

Unlike many other ENs, IDR is still actively accepting Tickets, but it has become much more selective in the number of Ticket assignments it accepts from retail clients. To date, the operational costs of the program have far exceeded the revenue IDR collects through payments from SSA. The low return on the initial investment has made it difficult for IDR to raise additional capital from lending institutions to expand program operations. The insurance payments for serving long-term disability clients are used to meet its cash flow needs; IDR considers SSA payments a “bonus”. The decision to serve fewer retail cases is based on the financial risk involved in serving these individuals, since IDR must rely entirely on SSA payments to offset the costs of serving these individuals. If the payment process does not change in the future, IDR may reluctantly stop serving retail clients altogether.

**Program Administration.** IDR staff feels very strongly that problems in the current payment process continue to jeopardize the entire TTW program. One staff member said, “This one issue is putting the entire program at risk.” IDR estimates that it costs the agency \$90-\$120 to collect a \$279 payment from SSA; approximately 40%-45% of program revenues are devoted to pursuing pay stub issues. Program participants are annoyed that they

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have to submit pay stubs twice - once to the PM and once to the local SSA office. A few of IDR's participants who were working full-time have unassigned their Tickets for this reason.

IDR staff feels that in the past year, the PM has successfully streamlined the Ticket assignment and IWP process. The biggest communication problem today has centered on the issue of pay stubs. IDR has supported and placed participants whose Tickets have been assigned, but it is still unable to collect payments for them because the individuals are unwilling to provide earnings documentation. At one time, the PM offered to intervene and obtain pay stubs from the employer on behalf of the participants, but this never occurred. Other participants have submitted pay stubs to the PM that were never processed. In one case, IDR placed an individual, then had trouble obtaining pay stubs and the requisite payment from SSA. The PM assured IDR that the confusion would be worked out but later determined that the individual was ineligible for benefits, so IDR is unable to collect payments for the services it provided to her.

Another issue involves a participant who reassigned his Ticket from another EN to IDR. The original EN feels it is entitled to ongoing partial payments because of the services it provided; IDR feels it unfairly must assume the entire administrative burden to receive only half of the payment. If the PM will not grant IDR the full payments, the agency will modify its screening criteria so that it will not accept Tickets that have been previously assigned.

Finally, IDR is concerned that the PM has not maintained an updated list of active ENs. It often refers beneficiaries to ENs that are no longer accepting Ticket assignments. IDR also expressed frustration regarding the lack of Ticket holders' knowledge about basic aspects of TTW. IDR feels that recently the PM has been providing less thorough information to Ticket holders, and IDR has begun to refer callers back to the PM for additional information.

**Concerns and Expectations Regarding Future Success.** IDR plans to remain very active in the TTW program for the foreseeable future. Agency staff point to many outstanding success stories among the participants it has served, and can point to many individuals whose lives have been dramatically improved through participation in the program. However, the ongoing inability of SSA and the PM to address the earnings documentation problem and other administrative issues will greatly reduce the number of beneficiaries the agency will be able to assist. For example, IDR worries that the program is becoming inaccessible to many Ticket holders, for example, those who require costly services.

The most pressing change requested by the agency is a new, streamlined payment system. At the very least, IDR would like a quick, accurate turnaround on the payments. IDR staff suggested that SSA rely on administrative data to document earnings and pay ENs, thereby reducing the excessive administrative burden on the providers. Elimination of the pay stub requirement would make the ENs more willing to use the program, and as a result, make the program more accessible to Ticket holders. ENs spend far too much time in administrative tasks such as explaining the basic aspects of the program to beneficiaries who are not interested in reducing their dependence on cash benefits, negotiating VR EN

agreements, documenting earnings, and communicating with the PM about payment and other issues. The PM should provide ENs with the ability to track Ticket assignment, payments, and any other program information online. This would encourage all parties to use consistent terms and cut down the amount of time it takes to track down information.

IDR thinks that the outcome payment system should be modified so that the payments take place over three rather than five years. If a participant is still employed after three years, then chances are he or she will remain employed for an extended period of time, interviewees argue. In addition, IDR feels that SSA needs to offer higher payments for SSI recipients because they require more resources to place and support in employment.

IDR believes that SSA should not distribute Tickets to people over 60 years old, because they will likely retire before the EN collects all of its payments.

Finally, IDR believes that some of the resources developed in part to assist ENs, such as the EARN program, should be more widely publicized. If ENs knew more about the EARN program and other support programs that are available, they would utilize these resources to best serve participants.

## **7. Marriott Foundation Bridges from School to Work**

### **a. Implementation and Service Delivery Approach**

The Bridges program became an EN with the goal of tapping into an additional funding source for the SSI youth it serves under WIA. Bridges staff believed that as many as 50 percent of its WIA clients were potentially eligible for TTW. By aggressively recruiting SSA beneficiaries to participate in the WIA youth employment program, Bridges could use TTW funds to expand its services. Staff believed that TTW could be used to provide longer-term job retention and post-employment services to clients. If Bridges could get its clients working at SGA, TTW would provide a means to fund those activities. The hope was that WIA would serve beneficiaries for the first 18 to 24 months and TTW funding would be used to provide follow-up services.

Potential clients are invited to the office for intake, where they complete a questionnaire, have their skills, needs, and level of commitment assessed, and sign release forms permitting Bridges staff to obtain benefits information from SSA. If a client decides to assign the Ticket, he or she returns to complete the IWP. Participants then enroll in a ten-week employment preparation course, which consists of career exploration, job seeking and interviewing skills, and retention strategies. Skill development is offered to people under age 21 who have the motivation to work but no job experience.

At initial interview in August 2002, Bridges had one full-time staff person devoted to TTW clients over age 21. TTW clients 21 and under are served by WIA staff. Bridges provides primarily job placement assistance, referrals to other agencies, job coaching, assistance with obtaining job accommodation, and counseling about SSA and other benefits. Most Bridges clients have learning disabilities; a few have psychiatric or cognitive disabilities.

Bridges still provides the 10-week assessment and job seeking skills training, but will place individuals immediately if the individual must enter the workforce more quickly for financial or other reasons. Bridges provides limited funds for transportation, purchases interview clothing or uniforms, and refers individuals to other agencies who fund childcare or other services.

Problems surfaced early in program implementation. Initially, Bridges had planned to serve TTW clients aged 17 to 25, and enrolled a few individuals over age 25 as space was available. However, WIA funding only permits the program to serve persons through age 21 and TTW funding did not cover up-front service costs. After the first six months, Bridges altered its strategy to restrict service to TTW participants age 18 to 21. Because the Program Manager website stated that Bridges would serve individuals through age 25, they received a high volume of calls from individuals who were not eligible for services. Another problem was the difficulty of promoting TTW to the Marriott Foundation, particularly in light of the delayed TTW rollout and the low levels of expected revenue.

#### **b. Early Experiences Implementing TTW**

**Beneficiary Outreach and Enrollment.** At initial interview, Bridges' only marketing effort was to send fliers and brochures about its services to the SSA FO for distribution to beneficiaries. The FO explained that the materials had to be approved and Bridges never heard back from the FO. Bridges generated some of its Ticket assignments from among former clients whom staff knew to be SSI recipients. Bridges staff instructed these clients to request their Tickets and assign them to Bridges. At the time of the first interview, staff was still in the process of identifying SSI recipients from among its WIA participants. Bridges accepted 12-14 Tickets from outside its caseload. Interviewees believed these referrals came from the Program Manager, or from other ENs that were not accepting Tickets. At the time of the first interview, Bridges had stopped accepting Tickets from individuals who were not eligible for WIA.

In deciding which Tickets to accept, Bridges considered the following:

- Age—the person had to be 18-21 years old,
- Motivation –demonstrated by the individual's work history. If the beneficiary had no work history or training, Bridges determined that the client had no marketable skills for employment and declined the Ticket. Because Bridges was not a job-training program, staff referred these callers to an EN that offered skills training. Examples of skills and experience considered to be marketable included food service, janitorial, file clerking, and organizational skills. The program was more lenient about accepting people under age 21 who did not have work experience.
- Ability to work – Based on information gathered from an initial phone screening, and through the intake interview, Bridges staff assessed the potential client's ability to work. If a potential client appeared to be unable or unwilling to perform work above SGA, Bridges would not accept the Ticket.

Bridges interviewees noted during the first interview that beneficiaries were often confused about TTW, thinking that the Ticket guaranteed them a job at the Marriott hotel chain. They suggested that SSA and the Program Manager should provide more complete information to beneficiaries.

**Outcomes and Claims for Payment.** At the time of the first interview, Bridges had changed from the Outcome to the Milestone/Outcome payment method. Bridges did not expect its TTW clients to remain working above SGA for five years; therefore, Bridges would not be eligible for the full outcome payments. The young clients that the program served did not have employment stability. The primary goal was to serve those who would be able to generate milestone payments to supplement WIA funding.

The program sought to place TTW clients in full-time jobs that paid \$7-\$8 per hour. Placements included hotel, laundry, fast food, janitorial, and clerical work. The level of post-employment support for Bridges clients was extensive, due to the severity of clients' disabilities. The TTW Coordinator monitored beneficiaries' status by conducting ongoing case management. She documented employment and asked beneficiaries to check in on a weekly, then monthly, basis. She checked in with supervisors to monitor the individual's performance. Beneficiaries could call her cell phone at any time, and she held individual meetings once a month. Bridges held a celebration when a beneficiary reached a milestone; e.g., a year of employment. Bridges also counseled beneficiaries about their concerns, including problems with coworkers, accepting direction from more than one supervisor, scheduling work and outside activities, marital and parenting issues, and housing problems.

**Program Administration.** Bridges staff stated at initial interview that a major administrative issue was the inability to obtain information about clients' benefit status from the SSA FO; for example, whether the individuals were in a trial work period. The EN eventually resolved these issues by working with the Regional Employment Services Representative (ESR).

Another administrative issue discussed during the first interview was obtaining pay stubs and other documentation to substantiate earnings. As Bridges obtained more placements, it anticipated adding an additional staff person to collect pay stubs and process the paperwork necessary for payment.

### **c. Status at Follow-up**

**Service Delivery.** Bridges reported no changes in service delivery at the follow-up interview one year later. The EN is only accepting Tickets from beneficiaries who are eligible for services under WIA. One staff person, the TTW Coordinator, still provides services to TTW clients once they have completed the 10-week program. The coordinator tracks submission of pay stubs and provides post-employment counseling and support. She was moved to this position to avoid a layoff when other grant funding expired. The Bridges interviewee stated that the agency would not have made the financial commitment to hire a staff person for TTW had they not wished to avoid the lay off. The staff member in charge of TTW has set up a telephone message that explains the program and eligibility criteria.

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While she used to have a policy of returning calls within 24 hours, she now returns calls within the week because Bridges is not currently accepting new tickets. Instead, she refers clients to neighboring ENs. She currently handles 23 ticket assignments, most of which were initiated in April 2002, and feels she is working very close to her capacity of 25 clients. Bridges stays in constant communication with the beneficiaries and tries to convince them to stay in touch because they can receive valuable services. The Bridges employee in charge of TTW obtains check stubs from the individual in some cases, and in other cases she obtains this information from the employer. Bridges will discontinue its participation if one person cannot accomplish these duties.

**Ticket Assignments and Outcomes.** During the first year of operation, Bridges reported receiving as many as 120 inquiry calls per month. The number has dwindled to about 20 to 25 calls per month. Bridges staff noted that the calls are from beneficiaries who had called previously, rechecking to determine their eligibility. However, most callers are over the age of 21 and are not accepted. Bridges predicted they would serve a higher number of WIA clients who were Ticket-holders, but most beneficiaries attend one or two of the EN's sessions before dropping out of the program. Fear of benefit loss is not the problem; many beneficiaries lack the motivation and the desire to work.

**Program Administration.** The Marriott Foundation covers Bridges' up-front costs, but these costs significantly outweigh revenues. Up-front costs include one FTE and office space totaling \$45,000-50,000 a year. The agency has received about \$10,000 from TTW. Interviewees explained that they cannot absorb the losses much longer. Although they had originally viewed TTW as a five-year commitment, they had anticipated higher revenues and will not be able to continue the program unless revenues increase.

Bridges is currently receiving payments under both the milestone-outcome and outcome-only payment systems. Citing confusion over the similar names of the payment systems (both contain the word "outcome"), staff explained that Bridges originally signed up for the outcome-only payment system. Some clients found jobs, then moved away and ceased working, leaving Bridges without any payment from SSA. Bridges staff realized that they could have received milestone payments in this situation, so they switched to the milestone-outcome system. Bridges would like to switch back to outcome-only payments, because they would receive regular monthly payments for the 23 individuals who are currently working over SGA. However, due to a waiting period that limits ENs to one change in payment system per year, Bridges cannot change at this time.

Interviewees said that obtaining pay stubs from participants is extremely cumbersome and time consuming. Beneficiaries are asked to bring pay stubs into the office; if this is not possible, the TTW Coordinator meets them to pick up the pay stub. Several clients are working and have not submitted pay stubs, which means that Bridges receives no payment. Clients forget to drop pay stubs off or lose them. In one case, a client did not want her employer contacted because she did not want her psychiatric disability revealed. All records are kept manually, but Bridges is considering development of a computerized tracking system, if it continues its participation.

When Bridges first began submitting claims for payment, SSA was not entirely clear about what earnings documentation was needed. This resulted in communication problems between Bridges and the Program Manager. Once requirements were clarified, communication improved and documentation for payment proceeded more smoothly. Bridges also had problems with the SSA FO; when Bridges asked the FO for work history information on one client, the FO charged \$1 per page. Interviewees stated that they have built a relationship with the SSA FO and the relationship is proceeding more smoothly; e.g., Work Activity Reports are completed in a timely manner.

Bridges is unhappy with the timelines for payment. The EN submitted its first payment request in May 2002 and did not receive payment on the claim until February 2003. Today, payments usually take about three months. Payment denials occur when clients are still in the TWP. In one example of payment problems, Bridges staff cited confusion about the level of earnings needed for a man whose wife is also on SSI. The man's benefits were not terminated as anticipated, so Bridges never received the payment.

**Concerns and Expectations Regarding Future Success.** Bridges would like to make TTW an ongoing component of its program. Staff members believe that TTW has had a positive impact on their clients. Bridges plans to continue its involvement with TTW on a limited basis until June 2004, at which time it will examine cost and revenues. Bridges will continue to limit eligibility to individuals who can receive services under another program; e.g., WIA.

Bridges' suggestions for changing the program include:

- Eliminating the requirement for pay stubs to document earnings;
- Allowing for selection of the payment system on a per client basis;
- SSA providing more information on work history and benefits status of Ticket holders; and
- Increasing milestone and outcome payments. The current amount is insufficient to cover service costs of making TTW successful on a large scale.
- Bridges has succeeded due to support from the Marriott Foundation. Based on Bridges' experience, staff members believe that ENs could not operate the program solely on Ticket funds. Moreover, keeping 25 people working at SGA requires a great deal of attention. Bridges interviewees believe that one person can handle a caseload of 25, particularly with the current pay stub requirements. But TTW revenues do not support this level of effort. The EN cannot expand the program unless an additional staff person is hired, and Bridges lacks the resources for additional staff.

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## 8. Oklahoma Department of Rehabilitation Services

### a. Implementation and Service Delivery Approach

**Implementation.** Interviewees said that DRS welcomed opportunities to participate in early discussions with SSA regarding TTW. DRS wanted to be one of the program leaders, especially because the state had 10 years earlier developed a milestone payment system for purchasing services from CRPs.<sup>4</sup> Under this system, CRPs receive up to six milestone payments totaling \$9,000 (\$11,000 if the consumer is highly challenged) for each successful rehabilitation.<sup>5</sup> Interviewees said that, initially, most state VR agencies were firmly against TTW and sought to oppose it. DRS, however, thought that attempts by state VR agencies to stonewall TTW would only perpetuate the perception that VR agencies were not primarily concerned with serving those people who needed the most help. Furthermore, DRS staff believed TTW had the potential to increase revenue, and offered DRS the opportunity to improve service delivery to SSA beneficiaries.

In 2001, DRS developed a formal plan in preparation for TTW rollout, based on an engagement/outreach voucher model developed in 1998 through an SSA State Partnership Initiative (SPI) Grant. Through this model (the “Oklahoma Model”), select VR technicians receive training on work incentives and on the use of benefits analysis software (WorkWORLD) that calculates the impact of employment earnings on benefits. This is used to provide individual counseling to Ticket holders at state One-Stop employment centers about the impact of TTW participation on benefits. The technicians refer individuals with complicated cases, including all concurrent beneficiaries, to the benefits planning, assistance, and outreach (BPAO) program for individualized benefits planning.<sup>6</sup> VR technicians are also able to expedite applications and VR eligibility determinations.

Initially, every VR employee was required to be trained in the basics of TTW. To familiarize VR staff with TTW, DRS held meetings in both Tulsa and Oklahoma City just before the original date of TTW rollout, and again in advance of the revised rollout date. DRS staff also visited all the field offices in the state. DRS began training the technicians who would be working on TTW in January and February of 2002.<sup>7</sup> Technicians received training in work incentives from DRS staff, as well as from the local SSA Employment Support Representative (ESR) and staff of the BPAO program. Technicians also received WorkWORLD training via video conferencing with Virginia Commonwealth University staff and SSA trainers. In total, each technician received approximately 10 days’ worth of training.

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<sup>4</sup> This payment system was a finalist in the 1997 Kennedy School of Government Innovations in American Government awards.

<sup>5</sup> We provide more details regarding this payment system in Section III.D.

<sup>6</sup> Interviewees said that approximately 5 to 10 percent of individuals are referred to the BPAO to receive additional benefits planning.

<sup>7</sup> Some field staff also participated in this training.

DRS' TTW rollout plan was developed within a newly created Ticket Unit in the Oklahoma City central office. DRS chose to administer the program centrally to help ensure delivery of consistent, accurate information to Ticket holders. All follow-up necessary to document SGA level employment for payment under TTW will also be conducted by Ticket Unit staff.

DRS selected the milestone-outcome payment mechanism for clients it will serve as an EN, as it has a long history with a similar payment system. The staff person who manages the SSA reimbursement program will make determinations regarding which Tickets to use milestone-outcome payments, based on the agency's past experience with persons of similar characteristics. DRS will utilize the cost reimbursement payment option for others.

DRS also developed a standard agreement for ENs that want to use DRS services for their TTW clients. As discussed further in Section III.D, under this agreement, the EN can purchase DVR services on behalf of TTW clients without having to pay for them up front, and DVR accepts considerable risk that it will never be fully paid for the services.

**Service Delivery.** DRS has invested substantial resources in training staff, conducting outreach, and redesigning internal screening processes to implement TTW. Even so, DRS does not anticipate that TTW will have a substantial impact on its delivery of VR services to SSA beneficiaries, with the exception of expanded delivery of benefits planning services through specially-trained Ticket Unit staff and through the BPAO.

## **b. Early Experiences Implementing TTW**

**Beneficiary Outreach and Enrollment.** In preparation for TTW, DRS set up an 800-number at the Ticket Unit and sent letters to all beneficiaries on the VR caseload, alerting them to TTW and describing its features. At the time of the initial interview, DRS was preparing to send a mailing to all beneficiaries in the state, to stimulate interest. DRS had anticipated between 30,000 and 50,000 calls subsequent to the Ticket mailings, but had only received 1,500 calls by the time of our visit.

The Ticket Unit was meant to act as a funnel for all TTW-related inquiries, and was responsible for screening TTW-related calls so that field counselors would not be burdened with providing basic information about the program.

Ticket Unit technicians told potential clients about the benefits of TTW over the phone, but DRS found that in-person presentations were more effective. All callers were invited to attend a Ticket Orientation meeting. Meetings were conducted at local One-Stop career centers. During visits to One-Stops, technicians presented detailed information on work incentives, and advised clients individually using the WorkWORLD computer program. DRS presented a slide show that described available work incentives and used a variety of scenarios to illustrate the potential impact of work activity on benefits. These meetings were also a chance to make consumers aware of the many services available to them at the One-Stops.

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Beneficiaries interested in assigning their Tickets to DRS began the application process with a Ticket Unit Technician. The application was then reviewed by a Ticket Unit VR Counselor to determine eligibility. DRS had an initial goal of securing same-day eligibility determinations for Ticket holders, but found they could not process the applications in that timeframe. At initial interview, DRS processed applications in three to five days, with Ticket assignment taking about one week - 27 days faster than for its usual eligibility determinations.<sup>8</sup> To expedite eligibility determinations, DRS asked the applicants to sign releases for medical information at the time of application. Originally, one individual in the Ticket Unit was sending releases to all applicants herself, but she later trained her assistants to do this fairly time-consuming task.

**Outcomes and Claims for Payment.** Ticket Unit staff selected the payment system, based on disability characteristics and anticipated case costs. DRS elected the EN payment system for clients who were expected receive services totaling under \$5,000, and cost reimbursement for others. DRS was also able to receive payment as an EN for services that, historically, they would not have received reimbursement. For example, by selecting the milestone-outcome payment system for individuals with mental retardation or developmental disabilities in supported employment, DRS might secure three or four milestone payments. DRS would not have been able to receive cost reimbursement payments for these individuals, however, because they typically did not work up to SGA for any length of time.

At initial visit in August 2002, DRS had approximately 225 milestone-outcome clients, which represented almost all the Tickets assigned under this payment system to VR agencies in the phase 1 states.<sup>9</sup> Interviewees suggested that most VR agencies did not realize the potential revenue available by using the milestone system, most likely because few VR agencies had the infrastructure in place for tracking earnings beyond 90 days. This was a task that DRS technicians would assume responsibility for after counselors closed a case. DRS made arrangements with the Office of Child Support Enforcement within the Administration for Children and Families to use the New Hire database for access to wage data. DRS staff noted, however, that gaining access to these data was very difficult; they faced many restrictions regarding its use; and they only had access to it for six months. Their plan was to subsequently use Unemployment Insurance (UI) data.<sup>10</sup> The disadvantage of

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<sup>8</sup> While SSA beneficiaries have presumptive eligibility for VR services, state VR agencies must verify beneficiary status and have 60 days to do so. TTW speeds up this process substantially because verification of beneficiary status can be gained by confirming the validity of the Ticket through the Program Manager. DRS hoped to be able to provide same-day confirmation of eligibility, but found that this process, in practice, took about three to five days. For purposes of serving consumers, DRS backdated eligibility confirmation to the date the consumer requested assignment.

<sup>9</sup> According to the Ticket Assignment Report dated September 23, 2002, DRS held 227 of the 274 total Tickets assigned by VR agencies under the milestone-outcome system.

<sup>10</sup> Interviewees noted that ENs did not have access to UI data, making wage tracking substantially more difficult for them.

using UI data was that the data were nine months old, and SSA had indicated that they would not pay right away based on these data, but rather, would wait until wages could be verified by a claims representative.

**Program Administration.** Interviewees noted a number of issues encountered in trying to administer TTW. These problems related to communications between DRS and the Program Manager. Most of these communication problems related to program start-up and had been resolved by the time of the initial interview. DRS also pointed to problems with verification of earnings, and cross-referencing individuals currently receiving VR services with those receiving a Ticket. The CD-Rom provided by the Program Manager for this purpose did not contain Social Security Numbers (SSNs), which were necessary for this purpose. DRS staff noted that about 20percent of the addresses in the database were incorrect, and roughly 40percent of the addresses in DRS files were incorrect. DRS staff also noted that some individuals who had been issued a Ticket (and who had presented to DRS for services) were not included on the CD-ROM.

### **c. Status at Follow-up**

**Service Delivery.** DRS has made few significant changes in service delivery during the past year. DRS is providing more individual training on the Ticket program to its counselors and is re-emphasizing the information provided during the past year. Training for beneficiaries takes place in smaller groups with eight to ten participants and is more detailed than the training previously provided. During the past year, DRS staff presented the Ticket Program at all 12 One-Stops in the state. At present, staff members conduct bi-weekly orientation meetings in Tulsa and Oklahoma City, and in other portions of the state, as needed.

DRS invites organizations interested in becoming ENs to the orientation session at the nearest One-Stop. It then invites the organizations to apply to become ENs; approximately two thirds apply. However, DRS staff stated that interest in the program has “fizzled”; few if any organizations are applying. DRS has no signed agreements with other ENs to jointly serve Ticket holders, and noted a situation where one EN instructed beneficiaries to apply for DRS services without informing DRS that they had assigned their Ticket to the EN.

DRS has established close working relationships with SSA FOs. Interviewees noted a positive and productive relationship with the AWIC. Staff members obtain beneficiaries’ releases to obtain financial and medical information from the FO. DRS also works closely with the BPAOs, particularly in cases of concurrent beneficiaries who are receiving both SSI and DI benefits.

**Ticket Assignments and Outcomes.** DRS will accept the Ticket of any beneficiary who applies for service. DRS does not have a policy of unassigning Tickets of beneficiaries who are not making reasonable progress, because beneficiaries are entitled to services through Title I of the Rehabilitation Act. However, due to budget shortfalls, DRS was forced to place many Ticket holders on a waiting list for services—many were on the waiting list for up to six months and could not proceed with writing IWPs. Oklahoma state law

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permits agency budgets to be cut on a month-to-month basis and DRS' budget was cut during eight of the 12 months last year. Staff reported that the backlog of Ticket holders has diminished; most have developed IWPs and are currently receiving services.

At follow-up in August 2003, Oklahoma DRS had 1125 tickets assignments, with 575 designated for milestone plus outcome payments. The agency has received 37 milestone payments on 21 beneficiaries and 50 outcome payments on 11 beneficiaries. The estimated service costs for a particular client continue to drive the decision of whether to accept milestone payment or the traditional cost-reimbursement payment for each individual. DRS interviewees estimate that the agency spent about \$1.2 million on services for its 575 milestone beneficiaries, and has received about \$26,000 in TTW revenue thus far. Staff members project that, in the long run, revenues of \$250,000 to \$500,000 per year from milestone payments will be achieved. Although revenues may not equal expenditures on these clients, DRS would receive no revenue on clients that do not obtain SGA under the traditional cost reimbursement system. Staff commented that ENs will tend to serve the "easy cases" and refer individuals with more complex and expensive training needs to the VR agency; this will not achieve one of the TTW's goals: to provide individuals with more significant disabilities a choice in rehabilitation providers. Staff also noted, however, that more individuals may potentially be served.

**Program Administration.** DRS staff stated that the Program Manager is sometimes slow in making Ticket assignments and DRS often begins serving the individual before receiving confirmation of Ticket assignments. Another problem is that sometimes the Program Manager informs DRS that the Ticket is unassignable, but does not provide a reason; e.g., whether the individual has deposited the Ticket with another provider. The reason for unassignment is critical in determining whether DRS should commence service provision.

DRS interviewees noted their confusion over whether the beneficiary must sign Form 1365 to formally assign the Ticket to DVR, and whether the date of Ticket assignment is the date the IPE is signed or the date the Form 1365 is signed. Staff would appreciate formal SSA policy memoranda on such matters.

DRS continues to use Unemployment Insurance (UI) data to track earnings. Although these data are three to four months out of date, they provide the information DRS needs to track earnings. Tracking earnings is no more difficult under the milestone system than the cost reimbursement system. Staff members have, however, experienced problems submitting pay stubs for earnings verification. In some cases, the pay stubs are not accepted because they do not have adequate information; e.g., the dates the beneficiary actually worked in addition to the date of pay; in another case, payment for placement of an independent contractor was rejected because he had not yet filed a tax return. Staff members also expend significant energy breaking down UI quarterly earnings data into monthly earnings. DRS staff expressed frustration with the amount of time spent in gathering this documentation--documentation that SSA also gathers to determine benefit payment amounts. DRS staff suggested that SSA should not reject payment claims based on insufficient documentation,

but should hold them until the agency receives earnings documentation from its own sources.

**Concerns and Expectations Regarding Future Success.** DRS will continue accepting Tickets and actively participating in TTW. Staff suggested several enhancements to TTW:

DRS expressed the desire that RSA play a more active role in promoting the Ticket Program and assisting VR agencies to address ongoing policy problems. Staff noted that an RSA official had stated that, “The Ticket is not our program.” This attitude is antithetical to successful implementation by VR agencies.

DRS staff also noted that private agencies would have a difficult time implementing TTW, due to the lack of up-front funds to capitalize the program and the three- to four-month waiting period for payments. ENs will likely provide services to individuals who need few services, leaving the VR agencies to serve those with more complex service needs. This is not necessarily a problem, because of the high demand for rehabilitation services.

DRS staff commented that TTW requires that beneficiaries assume responsibility for participation. Beneficiaries must sift through significant amounts of information and must go through several steps to assign their Tickets and receive services. This multi-step process causes some beneficiaries to lose their motivation. Beneficiaries sometimes become confused about what a Ticket provides, believing possession of a Ticket entitles them to a job. Responsibility for educating the beneficiary falls largely on the ENs, with the Program Manager providing only very basic contact information. Beneficiaries are often fearful of any communication from SSA, so additional marketing efforts to explain TTW would be extremely beneficial. They suggested that SSA provide VR agencies and other ENs funding to explain TTW at one-on-one outreach activities. Barriers to participation could be more effectively overcome by locally-focused outreach projects.

Staff expressed the opinion that a centralized Program Manager could be dropped out of the beneficiary education and outreach process. They suggested establishing a hotline in each *state* to provide introductory information to beneficiaries. The delay that occurs when beneficiaries must wait a week to obtain a list of ENs from the Program Manager curbs beneficiaries’ enthusiasm for the program. Instead, DRS staff advocated modeling TTW on the Oklahoma State Partnership Initiative project: ENs would be invited to the consumer orientation meeting and asked to make a marketing presentation about their services. Beneficiaries could ask questions on the spot, and see who is available in their local community to help them get a job.

## APPENDIX C

### DEFINING THE FOUR ADEQUACY OF INCENTIVES GROUPS

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To conduct an AOI analysis, we must be able to identify beneficiaries who would fall into the four legislatively defined groups and thus could find it difficult to obtain services in the performance-based TTW environment. While the Ticket Act does not define the AOI groups in a way that allows them to be identified straightforwardly using SSA administrative data, the evaluation design report (Stapleton and Livermore 2002) provides a method for creating reasonable approximations of the first two groups and for using detailed survey data and analysis to identify the last two groups. These methods are described below.

#### **A. IDENTIFYING INDIVIDUALS WITH A NEED FOR ONGOING SUPPORT SERVICES (AOI GROUP 1)**

The evaluation design specifies a way to use SSA administrative data about beneficiaries' primary impairments to identify individuals likely to need ongoing supports. The approach considers impairments that are likely to result in:

- A frequent need for personal assistance or coaching (e.g., cognitive disabilities, autism, other developmental disorders, traumatic brain injury, other severe cognitive disorders, quadriplegia)
- A tendency to be able to work only episodically (e.g., psychiatric disorders)
- Possible disruptions of a person's work activity (e.g., uncontrolled seizure disorders)
- A gradual decrease in functional capacity, possibly making long-term employment retention more difficult (e.g., multiple sclerosis, degenerative arthritis)

The relevant sections from SSA's listings of impairments, along with the associated SSA impairment codes, are detailed in Table C.1. The rough approximation of the AOI group based on impairments will be refined later using administrative data about other beneficiary characteristics such as educational and employment history. For example, longitudinal SSI earnings data or even historical FICA tax reports could possibly be used to assist in the

identification of these individuals. Relevant SSA records should become available to the evaluation in December 2003, reflecting the normal lag time for acquiring these data.<sup>1</sup>

**Table C.1: SSA Listing of Impairments Codes for Individuals with a Need for Ongoing Support Services**

Impairment Category and Underlying Conditions	Listing Section	SSA Impairment Code
<b>Result in Frequent Need for Personal Assistance or Coaching</b>		
Disorders of the spine (i.e., quadriplegia)	1.05	724
Cognitive disorders		
Down syndrome	10.06	758
Organic mental disorders	12.02	294
Mental retardation	12.05	317 – 319
Autistic disorders and other developmental disorders	12.10	299
Cerebral palsy	11.07	343
Cerebral trauma	11.18	907
<b>Episodic and Will Likely Have an Intermittent Effect on Ability to Work</b>		
Myasthenia gravis	11.12	358
Organic mental disorders	12.02	294
Schizophrenic, paranoid, and other psychotic disorders	12.03	295
Affective disorders	12.04	296
Anxiety-related disorders	12.06	300
Somatoform disorders	12.07	306
Personality disorders	12.08	301
<b>Possible Disruptions to Work Activity</b>		
Epilepsy	11.02	345
Substance addiction disorders	12.09	303
<b>Increase Gradually in Severity</b>		
Degenerative arthritis		
Rheumatoid arthritis and other inflammatory arthritis	1.02	716
Arthritis of major weight-bearing and other joints	1.03/04	715/724
Osteomyelitis or septic arthritis	1.08	730/711
Multiple sclerosis	11.09	340
Multiple impairments	Various	--

SOURCES: Stapleton and Livermore (2002), with supplemental information from RAND (2000) and Khan et al. (2002).

<sup>1</sup>The evaluation team will not have direct access to FICA tax reports because of data confidentiality rules. However, SSA staff will assist the evaluation by using that information to help develop more refined definitions of the AOI groups, and those definitions will be available.

## B. IDENTIFYING INDIVIDUALS WITH A NEED FOR HIGH-COST ACCOMMODATIONS (AOI GROUP 2)

High-cost accommodations include supports such as assistive technologies, workplace modifications, job coaching, personal assistance services, and interpreter or reader services. The evaluation design proposes to identify individuals in this subcategory in the same way beneficiaries with ongoing support needs are identified, by making *a priori* assumptions of subgroup membership based on primary impairment code. These impairment codes are included in Table C.2 and attempt to include conditions that result in the inability to use two or more limbs, severe neurological impairments (e.g., spinal cord injuries), deafness, and severe auditory impairments, and blindness and severe vision impairments.

**Table C.2: SSA Listing of Impairments Codes for Individuals with a Need for High-Cost Accommodations**

Impairment Category and Underlying Conditions	Listing Section	SSA Impairment Code
<b>Require Interpreter or Reader Services</b>		
Deafness and severe hearing impairments		
Meniere's disease and other disturbances of labyrinthine-vestibular function	2.07	386
Hearing impairments	2.08	389
Blindness and severe sight impairments		
Impairment of central visual acuity	2.02	361/365/366/369
Contraction of peripheral visual fields	2.03	368
Loss of visual efficiency	2.04	368
Complete homonymous hemianopsia	2.05	--
Total bilateral ophthalmoplegia	2.06	378
Loss of speech	2.09	784
<b>Require Assistive Technologies, Major Workplace Modification, Job Coaching, or Personal Assistance</b>		
Inability to use two or more limbs due to amputation or anatomical deformity	1.09	905
Severe neurological impairments		
Central nervous system vascular accident	11.04	438
Parkinsonian syndrome	11.06	332
Spinal cord or nerve root lesions	11.08	806
Amyotrophic lateral sclerosis	11.10	335
Anterior poliomyelitis	11.11	138
Muscular dystrophy	11.13	359
Peripheral neuropathies	11.14	357
Tabes dorsalis	11.15	094
Subacute cord degeneration	11.16	--
Other degenerative disease (e.g., Huntington's chorea, spinocerebellar degeneration)	11.17	331
Syringomyelia	11.19	336

SOURCES: Stapleton and Livermore (2002), with supplemental information from RAND (2000) and Khan et al. (2002).

**C. IDENTIFYING INDIVIDUALS WHO EARN A SUBMINIMUM WAGE**

The evaluation design assumes that most beneficiaries in this category will be working in sheltered workshops, but others might be working in competitive employment situations through a subminimum wage certificate. We anticipate that identifying these individuals will be very challenging, because SSA administrative data do not contain wage data. For SSI recipients, monthly earnings are available, but hours worked are not. Reports of annual earnings subject to FICA taxes are routinely reported, but again do not contain wage information and are only available after a 14-month time lag. The evaluation design proposes to develop a prediction equation for subminimum wages for beneficiaries with earnings, using detailed wage and hour data from the Survey of Income and Program Participation that have been matched to SSA's administrative data. The resulting prediction model could subsequently be applied to the administrative data to predict the hourly wage rates for beneficiaries with earnings and begin to identify individuals who have a high probability of earning subminimum wages. Another option is to identify the similar group that has monthly earnings that fall well below what would be earned by a full-time worker who was paid the federal minimum wage.

**D. IDENTIFYING INDIVIDUALS WHO WORK AND RECEIVE PARTIAL CASH BENEFITS**

In any given month, many SSI recipients may be working and earning wages, even above the level designating substantial gainful activity, yet not sufficient to reduce their cash benefit to zero.<sup>2</sup> Because a Ticket holder must be in zero cash benefit status to generate an outcome payment for an EN, Congress was concerned that these individuals might have a particularly difficult time locating an EN willing to accept their Ticket and provide them the services necessary to increase their earnings and ultimately reduce their cash benefit to zero. Individuals who receive partial cash benefits can be identified through SSA administrative data. These individuals may actually be earning wages that might, in some situations, reduce their benefit to zero, yet continue to receive a benefit payment through the use of various work incentives (e.g. Plan for Achieving Self Support, subsidies, Student Earned Income Exclusion, etc.).

In the next evaluation report, we will identify SSI beneficiaries who receive partial benefits because of work by focusing on their reported earnings during the prior 12 months. In particular, we will analyze those who have (1) some earnings in at least one month, and (2) earnings above the individual's minimum disregard in one or more months. While the concept of partial cash benefits does not apply to DI-only beneficiaries on a monthly basis, on a longer term basis it does apply to those DI beneficiaries that have intermittent employment experiences that cause them to cycle in and out of payments during their Extended Period of Eligibility. Specifically, we will focus on DI beneficiaries that (1) receive FICA-covered earnings in a given year and (2) experience an interruption in benefit payments during at least one month of the year. We will also identify DI beneficiaries who

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<sup>2</sup>DI beneficiaries receive either the full cash benefit for which they are eligible or no payment at all.

“work and receive full cash benefits,” defined as beneficiaries who intermittently use trial work period months, but do not enter the Extended Period of Eligibility. The data required to implement this definition are expected to be available in time for the evaluation’s next report in spring 2004 (see Chapter VIII).